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### OVERVIEW

We are an established smart intralogistics and warehouse automation solution provider in China. Our core offering is our smart intralogistics solutions, which integrate smart intralogistics management software and intralogistics equipment such as stacker cranes, shuttles, conveyor lines, sorters and robots to coordinate the movement and storage of items within warehouses, factories and production lines across a diverse range of industry verticals.

In terms of revenue in 2025, we ranked:

- 4th in the smart intralogistics solutions industry in China with a 1.6% market share,
- 2nd in the smart intralogistics solutions for industrial sectors in China with a 3.2% market share, and
- 1st in the smart intralogistics solutions for new energy lithium-ion battery sector in China with a 25.6% market share.

The industrial sector accounted for nearly 50% of the total smart intralogistics solution market in China in 2025, while the new energy lithium-ion battery sector accounted for approximately 6%.

Our solutions optimize the flow of goods within production facilities and warehouses, reduce manual intervention, improve space utilization, and provide value-added features such as real-time inventory management, thereby reducing costs and enhancing operational efficiency and accuracy. We also offer after-sales services to support the long-term performance and reliability of our smart intralogistics solutions and to promote customer loyalty. Our after-sales services primarily include regular maintenance, spare parts and repairs, and technical upgrades and modifications.

In addition, we sell standalone intralogistics equipment, principally stacker cranes. They are widely used in manufacturing plants, logistics parks, warehouses, and other similar worksites.

Our smart intralogistics solutions, which are offered on a project-by-project basis, contributed over 95% of our revenue during the Track Record Period. Our smart intralogistics solutions comprise one or more of the following sub-systems:

- ***Smart intralogistics software systems.*** All of our smart intralogistics solutions are embedded with smart intralogistics software systems, which primarily include our self-developed warehouse control systems (WCS), warehouse management systems (WMS), and flexible manufacturing systems (FMS) for new energy lithium-ion batteries. While by default, all smart intralogistics software systems deployed in our solutions are developed in-house, customers may sometimes require third-party software systems to meet specific project needs;
- ***Automated storage and retrieval systems (AS/RS).*** Our AS/RSs primarily consist of equipment such as stacker cranes, shuttles, and racking systems, enabling more efficient storage, retrieval and sequencing of loads, and utilization of storage space. All stacker cranes, which are key components of our smart intralogistics solutions, are manufactured in-house (except in limited cases where customers explicitly require alternative sourcing), while other equipment such as shuttles and racking systems are procured externally;
- ***Automated conveyor and sorting systems.*** Our automated conveyor and sorting systems primarily include various types of conveyors, automated sorting equipment, and goods-to-person and goods-to-robot picking systems. We have in-house manufacturing capabilities for tote conveyors, pallet conveyors (including roller conveyors and chain

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conveyors), and vertical lift conveyors, with production volumes optimized based on cost and available capacity; all other automated conveyor systems, along with automated sorting systems and goods-to-person/robot picking systems, are procured externally; and

- **Robotics systems.** Our robotics systems integrate our proprietary navigation, control and management systems into various third-party robots, such as industrial robots and mobile robots, to facilitate tasks such as material handling, picking and palletizing, and enable real-time monitoring and improved decision-making in our intralogistics solutions. While all robotic hardware is externally sourced, we design and manufacture certain custom components (like client-specific jigs) in-house, with full integration through smart intralogistics software.

### OUR STRENGTHS

#### **Capabilities to research and develop smart intralogistics software, manufacture core intralogistics equipment, and deliver comprehensive customized solutions**

Our ability to research and develop smart intralogistics software, manufacture core intralogistics equipment, and deliver integrated, customized solutions allows us to meet the diverse needs of customers across different industry verticals effectively.

#### ***Capability to Research and Develop Smart Intralogistics Software***

Our software systems are capable of unified scheduling and collaborative control across brands and models, enabling intelligent management of intralogistics equipment in most categories and scenarios, and across multiple brands. Using open API interfaces and deep protocol adaptation, we have achieved integration and unified scheduling for stacker cranes, conveying and sorting equipment, shuttles, industrial robots, mobile robots and other robots and smart intralogistics equipment at the end of 2024.

Further, our software systems connect with enterprise resource planning systems (ERP), manufacturing execution systems (MES) and other enterprise level management systems to achieve optimization across multiple processes, including equipment scheduling and business collaboration. This capability significantly enhances our customers' operational efficiency and management effectiveness within their intralogistics systems.

Our smart intralogistics software product line includes warehouse management systems (WMS), flexible manufacturing systems (FMS) for new energy lithium-ion batteries, warehouse control systems (WCS) and other key software, all of which are researched and developed in-house and over which we have independent intellectual property rights. Notably, FMS systems are specialized flexible manufacturing systems for the entire process of lithium-ion battery formation and capacity grading. Formation and capacity grading is a critical process in lithium-ion battery production, with high safety requirements. We were among the first to develop an FMS system and successfully deploy it with leading lithium-ion battery customers.

In addition, we have collaborated with innovative technology companies to develop digital twin systems. When deployed in intralogistics settings, digital twin systems are capable of creating 3D models for most intralogistics equipment and enabling virtual-real mapping of complex intralogistics scenarios. As of the Latest Practicable Date, two smart intralogistics solutions featuring our digital twin technology have been accepted by customers. By integrating our digital twin systems with WCS, WMS and other systems, customers can monitor intralogistics operations in a virtual environment in real time, benefiting from technical support for services such as remote monitoring and maintenance of intralogistics equipment, fault diagnosis, and detailed 3D scene visualization.

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### *Capability to Manufacture Core Intralogistics Equipment*

We possess capabilities to manufacture core self-developed intralogistics equipment such as stacker cranes and conveyor systems. The performance of stacker cranes, which are the core equipment of automated storage systems, directly impacts the operational efficiency and stability of the entire intralogistics systems. At our stacker crane production facilities, we are capable of manufacturing a series of high-tech stacker cranes with a height of up to 46 meters and a maximum lifting capacity of up to 12 tons, placing us at the forefront of the industry. Our products meet market demands of various types of enterprises.

In the field of conveyor systems equipment manufacturing, our in-house developed and manufactured pallet conveyors, rail guided vehicles and other equipment cover roller conveyors, chain conveyors, right angle transfer conveyors, and turntable conveyors, offering versatile solutions. Our self-developed multi-shuttle systems achieve peak throughputs exceeding 1,000 totes per hour per aisle, able to cater to material handling needs across diverse industries and production scenarios.

Our in-house developed and manufactured core equipment gives us a competitive edge over many competitors. We ensure smooth coordination from design to production, reducing delays and shortening project lead times by swiftly collaborating between our research and development and production teams, which supports stable operations of our intralogistics solutions. In particular, deployment of our proprietary electrical control systems within our intralogistics equipment ensures compatibility with our smart intralogistics software, supporting stable operations.

Further, use of self-developed equipment within our intralogistics solutions translates into demand for our after-sales services, enabling rapid after-sales support, minimized downtime, and delivery of comprehensive lifecycle support.

### *Capability to Deliver Comprehensive Customized Solutions*

Our competitive advantage lies in providing integrated, customized solutions that offer customers one-stop services covering the entire lifecycle of smart intralogistics projects. For example, by accurately matching the varied needs of different customers, and with a strong understanding of their businesses, sales and production, among other supply chain statistics, we are able to integrate robotics systems within highly customized intralogistics solutions, facilitating the effective implementation of robotics across industries and achieving a leap from the procurement of standalone robotic equipment to the realization of their full operational benefits. As of December 31, 2025, over 110 smart intralogistics solutions that contain robotics systems have been accepted by our customers.

We conduct in-depth research on the demand characteristics of customers across various industries, developing highly customized service plans. This includes meeting customers' flexible production capacity requirements during the execution process and providing long-term tracking and after-sales service post-delivery, thereby establishing a customer service system throughout the entire lifecycle and accumulating strong brand influence.

Provision of our integrated intralogistics solutions comprises multiple phases, including pre-sales (comprising initial consultation and conceptual development), solution design, manufacturing and implementation, system launch, and after-sales services. During the pre-sales phase, a professional team composed of industry experts and technical consultants conducts an in-depth analysis of the customer's business models, production processes and other factors to accurately identify their requirements. In the solution design phase, we plan and design the intralogistics system, including both software architecture and equipment selection and layout. We utilize specialized tools and engage third parties for simulation analysis. In the manufacturing and implementation phase, our in-house equipment manufacturing and software development teams

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work closely with our customer and with equipment suppliers to ensure compatibility between equipment and software while meeting the customer's customized needs, improving system efficiency and lowering execution risks.

For on-site implementation, installation and commissioning, we have an experienced engineering team and efficient project management capabilities, allowing us to complete tasks with high quality while reducing project delivery time and managing project risks effectively. Our after-sales service includes equipment repair, maintenance, upgrading, and regular follow-ups to enhance service quality. We also provide operational training and technical support to customer staff to ensure smooth system operation and enhance the customer's ability to operate independently.

These three core capabilities position us as one of the few solution providers in the industry that possess the ability to develop smart intralogistics software systems and research and manufacture core equipment for smart intralogistics systems.

### **Established position in smart intralogistics solutions for the new energy industry**

Within the field of smart intralogistics solutions, lithium-ion battery industry customers offer higher added value and have significant customization demands, placing elevated requirements on solution providers. We ranked fourth in China in the smart intralogistics solutions industry by revenue in 2025. Within the field of smart industrial intralogistics solutions, we ranked second, and within the field of smart intralogistics solutions for new energy lithium-ion batteries, we ranked first.

Lithium-ion battery companies have specific requirements for smart intralogistics solution providers, necessitating joint development of hardware and software. Providers must possess both manufacturing and development capabilities for hardware and software, as well as sufficient production capacity. They face strict delivery time requirements for processes such as production, installation, commissioning, and ramp-up. We are one of the earliest companies in China to engage in and deploy smart intralogistics solutions for the new energy industry, having established a partnership with LG CNS China as early as 2013, to whom we supplied intralogistics equipment to facilitate automotive power battery production.

Our battery production line intralogistics solution for a globally leading innovative new energy technology company headquartered in China fully met their requirements for formation and capacity grading processes, with our self-developed flexible manufacturing system (FMS) supporting concurrent production of battery cells with different process requirements on the same production line to ensure flexible, efficient operations. Through years of experience in the lithium-ion battery industry, we have made significant breakthroughs in core technologies such as rapid automated sorting of batteries, smart clamping and picking, modular high-speed stacker cranes, battery storage electrostatic discharge, temperature controlled triggering of onboard fire extinguishers, and integration of production control systems. These advancements address a series of challenges in integrating intralogistics systems with production processes such as formation, sealing, charging and discharging, high-temperature aging, cooling, capacity testing, and inspection. Our solutions enable precise control over various production processes, rapid switching between process stages, and satisfaction of precise requirements for automated intralogistics equipment.

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### **A wide range of quality client resources, sector experience, and multi-industry capabilities**

With more than 1,000 successful cases, a wide-ranging customer base across multiple industries (including new energy, automotive parts, healthcare, cold chain and others), and a deep understanding of diverse application scenarios, we provide benchmark-level customized services.

Collaboration with leading new energy companies, such as CATL and REPT Battero, has positioned us at the forefront of smart intralogistics within the new energy industry. New energy companies have very high safety requirements for intralogistics systems. We meet customer needs for warehousing intralogistics and address their production intralogistics requirements. In the healthcare industry, our customers include Sinopharm Group, Yuwell and other large pharmaceutical companies. These customers have strict requirements for product traceability and require supplier products to be capable of supporting their compliance with GMP standards. We have also worked with leading food cold-chain companies, who have high demands for food preservation and intralogistics efficiency. By optimizing the design of cold chain intralogistics systems, we have improved food preservation and intralogistics efficiency while reducing energy consumption.

Demands for intralogistics systems vary across industries. We provide customized solutions, leveraging our multi-industry expertise. Our accumulated project experience allows us to create reusable templates, which we optimize based on new customer needs to ensure efficiency and adaptability.

### **Established brand recognition with relevant industry qualifications**

We have received numerous qualifications, honors and awards, which further enhance our brand influence and serve as a significant advantage in market competition. Since 2016, we have been awarded the National and New Technology Enterprise status and National “Specialized, Refined, and Innovative” Little Giant Enterprise status (國家級“專精特新”小巨人企業稱號). We are recognized by the Ministry of Industry and Information Technology as a supplier of smart manufacturing system solutions (國家工信部智能製造系統解決方案供應商), an authoritative certification of our strengths in smart manufacturing. In 2024, we were awarded 2024 Outstanding Supplier of Lithium-ion battery Logistics Equipment (2024鋰電物流裝備優秀供應商), 2024 Excellence Award for Warehouse Logistics Projects (2024優秀倉儲物流項獎) and 2024 Outstanding Brand Award in the Smart Logistics Industry (2024年度智能物流產業優秀品牌獎). In 2025, we were awarded Logistics Technology Innovation Case Award (物流技術創新案例獎) and Miniload Automated Storage System Technology Innovation Award (Miniload自動化存儲系統技術創新獎).

In terms of qualification certification, we have obtained multiple internationally recognized certifications, including International Quality Management System certification, International Environmental Management System certification, CE certification, and Intellectual Property Management System certification. In particular, CE certification serves as our passport to international markets, laying the foundation for our overseas expansion. As of December 31, 2025, we have obtained 215 registered patents (including 45 invention patents), 28 registered trademarks, and 59 software copyrights, and have also obtained certification under ISO 9001 Quality Management System, ISO 14001 Environmental Management System, ISO 45001 Occupational Health and Safety Management System, ISO 27001 Information Security Management System, and ISO 20000 IT Service Management System standards.

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### **Experienced management and specialized staff team**

Our leadership, management and staff team form a talent-driven advantage. Key members of our leadership and management, including Mr. Ding, Mr. Yang Tianbiao and Mr. Chen Lisheng, have deep sector expertise and knowledge of market trends. As early as 2016, we have proactively prioritized expansion into the new energy industry, recruiting specialized talent and building technical capabilities in advance. This forward-looking approach secured first-mover advantages and continues to guide our steady growth in a dynamic market environment.

Mr. Ding, our Chairman, brings over 15 years of intralogistics industry and executive management experience. Mr. Yang Tianbiao, our Vice Chairman, has nearly 20 years of industry and management expertise. Formerly Senior Director of China Solutions Management with Dematic, a leading global provider of integrated intralogistics systems, he spearheaded breakthroughs in core equipment research and development, including stacker cranes. Mr. Chen Lisheng, our General Manager, possesses over 20 years of experience in the intralogistics industry accumulated across multiple countries.

Our ability to deliver high quality, integrated smart intralogistics systems across diverse industries stems from our technical expertise, diverse project experience and multidisciplinary talent pool. We maintain a specialized team spanning mechanical engineering, electrical engineering, software engineering, automation control and project management. This structure enables us to deeply understand sector specific requirements and provide customized, end-to-end technical solutions. As of December 31, 2025, our employees included 172 research and development personnel, representing 20.3% of our total workforce, covering mechanical design, software development, electrical engineering, system planning, and simulation analysis.

### **OUR STRATEGIES**

#### **Strengthen technological innovation and research and development investment, improve upon existing equipment and technology by integration of robotics and AI technology, and focus on developing solutions which involve application of robotics**

Technological innovation drives our competitiveness. We prioritize technology and research and development investment in our strategy. By improving upon existing equipment and technology with the integration of robotics and AI technology, we aim to boost our core competitiveness and upgrade our core equipment for future growth.

We will enhance intralogistics systems by integrating robotics and artificial intelligence. Our goal is to transform these systems from simple transport devices into complex systems that combine robotic mechanisms with intralogistics capabilities. Leveraging data collected from the operations of our intralogistics equipment and software, we aim to continually innovate upon our digital twins and artificial intelligence models for automatic perception and decision-making in intralogistics operations. Additionally, we plan to develop systems with advanced functions that integrate material handling, storage, and precise sorting capabilities. Our planned developments of advanced robotic and equipment systems include high-density pallet storage robots integrated with four-way shuttles, to achieve high-density storage and flexible, multi-directional pallet handling; second-generation tote multi-shuttle systems, to enhance high-throughput storage and retrieval capabilities for mini loads; tote-climbing robots, to enable autonomous vertical movement of totes within storage racks, optimizing storage density and operational flexibility, and next-generation tote conveying and sorting systems, to improve material flow efficiency and automated order picking.

In parallel, we will invest in development of next-generation software systems. When developing software systems such as WMS and WCS, we will use AI technology to improve existing software algorithms, automating processes such as path planning for large robots and storage location assignment, and thus boosting the efficiency of intralogistics operations. Key software development plans include warehouse execution systems (WES) software, to optimize

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equipment scheduling, inventory management, and order fulfillment processes; AI-based automated process testing software, to improve the efficiency and accuracy of software testing and significantly reduce the need for manual intervention, and digital twin technologies, to enable real-time simulation and virtual optimization of intralogistics operations before implementation. Through machine learning and simulation by artificial intelligence algorithms, we will provide rich reporting and data analysis results, enabling a better understanding of warehousing operations and facilitating informed decision-making.

### **Expand into diversified business fields by deepening existing customer relationships and developing after-sales services**

The smart intralogistics solutions industry typically involves the accumulation of valuable brand assets. When downstream customers choose suppliers of smart intralogistics solutions, they often consider factors such as past project experience, project outcomes, and previous collaboration. Our Company focuses on providing smart intralogistics solutions to customers, continuously improving our technical expertise and business capabilities, and has accumulated a group of high-quality customer resources through ongoing business development. We have gained advantages by continuously expanding our business with our core customers, further consolidating our position in the industry and providing a solid foundation for the sustainable and healthy development of our business.

Currently, we have a high concentration of customers in the new energy industry. As our new energy industry customers develop and initiate expansion plans, positive previous service experiences delivered by us will help us seize further business opportunities. Going forward, customers in the new energy industry will remain an important source of business and revenue for us.

We plan to leverage valuable experience accumulated with global leading players in the new energy industry to extend our development into the field of energy storage. Additionally, we will closely monitor the development and application of new battery technologies such as solid-state automotive batteries and actively explore opportunities to collaborate with our leading lithium-ion battery customers.

We will continue to develop and grow our after-sales services, including by offering customized after-sales services to meet the needs of different industry customers with the aim of enhancing customer service experience. We will actively expand our post-warranty operation and maintenance services, which will help customers reduce costs and increase efficiency, maintaining customer loyalty. Furthermore, we will expand our after-sales services such as modification of existing production lines and equipment, and software upgrade and optimization services.

To achieve sustainable development, we place great importance on market research. Through extensive market research and overseas market assessments, we analyze the feasibility of providing our solutions to other industry sectors. We have formed a professional market research team to closely monitor macroeconomic and industry dynamics, changes in policies and regulations, and technological development trends to identify potential market opportunities. At the same time, we are proactively recruiting talent to prepare for serving new customer industries. To target customer industries with growth potential, we will initiate research and development of relevant technologies in advance. Currently, we will continue to expand within the customer industry sectors we serve, such as food cold chain and healthcare, and actively develop business in growing industry verticals such as the shipbuilding industry, semiconductors, retail, smart manufacturing, and petrochemicals.

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### Expand overseas and embrace new opportunities in overseas markets

We believe there are opportunities for PRC smart intralogistics solution providers to explore selected overseas markets as part of their long-term growth strategy. In line with China’s Belt and Road initiative and the broader trend of PRC enterprises expanding internationally, we have taken steps to establish a presence outside China. Currently, we have established subsidiaries in multiple countries outside China, including Hungary, Singapore, and Malaysia. We plan to gradually build local business teams to expand our overseas operations and provide quick-response after-sales support.

In our international expansion, we will adopt two main strategies:

- ***Supporting Chinese enterprises in their international expansion.*** With many Chinese companies investing in overseas factories, there is strong demand for smart intralogistics solutions. Leveraging our accumulated project experience, we seek to grow localized service capabilities and offer comprehensive one-stop services to our Chinese customers, from initial consultation and conceptual development to equipment manufacturing, on-site installation, and after-sales maintenance. This approach will allow us to meet our customers’ needs abroad while fostering mutual growth with Chinese enterprises.
- ***Engaging international clients.*** We intend to primarily target emerging markets in Asia, where rapid economic growth is driving increasing demand for smart intralogistics solutions. By leveraging our in-house research and development capabilities and robust product offerings, we seek to support our international efforts and gradually enhance our presence in selected overseas markets.

### Growth through strategic M&A

China’s smart intralogistics solution market is vast, yet it remains highly fragmented, characterized by a competitive landscape of relatively small companies. This provides an opportunity for growth through strategic mergers and acquisitions. We plan to leverage our financial advantages to implement a phased and sector-focused acquisition strategy.

When selecting acquisition targets, we will prioritize companies that enhance our product portfolio and have core technologies or strong project pipelines. Our goal is to achieve synergies, improve technological capabilities, expand our customer base, and refine our offerings. We will actively identify and acquire companies with advanced technological capabilities, particularly those specializing in automation, intelligent systems, and complementary technologies. Further, to acquire knowledge, channels, and resources in key industry verticals, we will prioritize companies with established expertise and customer bases in sectors with specialized intralogistics automation requirements, including but not limited to e-commerce distribution, retail logistics, healthcare, and semiconductors. For details of our strategic mergers and acquisitions plans, see “Future Plans and [REDACTED] — [REDACTED]”.

Certain industries, such as semiconductors and pharmaceutical manufacturing, face high technological barriers, strict industry standards, and lengthy customer certification processes, making it challenging for new entrants to gain market share. For these sectors, we plan to acquire experienced companies to secure a foothold and facilitate diversified business expansion and market share growth.

In executing our acquisition strategy, we will prioritize post-merger integration by aligning corporate cultures, technologies, personnel, and market channels. Effective integration of the acquired entities with our existing operations will enhance our development and reinforce our position in the smart intralogistics solution market.

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### Attracting and developing talent to drive business growth and achieve strategic goals

Talent is the core resource for achieving our strategic objectives and sustaining business growth. We place a high priority on attracting and developing talent, aiming to build a high-quality team with innovative spirit and practical experience.

We will continue to strengthen our talent pool through external recruitment and internal development, supporting our competitiveness in China. While China remains our primary operating market, we are also preparing to support our initial overseas efforts with relevant talent.

For talent acquisition, we will offer competitive pay, benefits, and career growth to attract top talent. We seek skilled research and development staff, marketing professionals, engineers, and after-sales staff. We value candidates with strong skills for successful projects and client needs. In our overseas expansion, we will aim to identify and engage individuals with cross-cultural understanding and local market insights to assist in enhancing service quality and customer satisfaction.

For talent development, we will continue to improve our training system, offering personalized training courses and development plans tailored to different roles and levels. New employees will undergo systematic onboarding training to help them quickly adapt to our culture, business, and workflows.

### AWARDS AND RECOGNITIONS

We have earned multiple awards and honors in recognition of our offerings and customer service. The following table sets forth a summary of the major awards and recognitions we received during the Track Record Period:

<b>Year Awarded</b>	<b>Award/Recognition</b>	<b>Issuing authority/organization</b>
2025 . .	Miniload Automated Storage System Technology Innovation Award (Miniload 自動化存儲系統技術創新獎)	Organizing Committee of the Global Intelligent Logistics Industry Development Conference (全球智能物流產業發展大會組委會)
2025 . .	Annual Partner Brand (年度合作品牌)	Logistics Equipment Committee of the China Federation of Logistics and Purchasing (中國物流與採購聯合會物流裝備專業委員會)
2025 . .	Logistics Technology Innovation Case Award (物流技術創新案例獎)	Logistics Equipment Committee of the China Federation of Logistics and Purchasing (中國物流與採購聯合會物流裝備專業委員會)
2024 . .	2024 Outstanding Supplier of Lithium-ion Battery Logistics Equipment (2024鋰電物流裝備優秀供應商)	2024 National New Energy (Lithium-ion Battery) Supply Chain and Logistics Technology Summit (2024全國新能源(鋰電)供應鏈與物流技術峰會)

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Year Awarded	Award/Recognition	Issuing authority/organization
2024 . .	2024 Excellence Award for Warehouse Logistics Projects (2024優秀倉儲物流項獎)	Logistics Equipment Committee of the China Federation of Logistics and Purchasing (中國物流與採購聯合會物流裝備專業委員會)
2024 . .	2024 Outstanding Brand Award in the Smart Logistics Industry (2024年度智能物流產業優秀品牌獎)	Organizing Committee of the Global Intelligent Logistics Industry Development Conference (全球智能物流產業發展大會組委會)
2023 . .	China Urban Logistics Innovation Achievement Award (中國城市物流創新成果獎)	China Communications and Transportation Association (CCTA) (中國交通運輸協會)
2023 . .	Frontier Technology Award in the Smart Logistics Industry (智能物流產業前沿科技獎)	Logistics Product Network (物流產品網)
2023 . .	Top 30 Logistics and Supply Chain (China) Solutions in 2023 (2023物流與供應鏈(中國)解決方案TOP30)	Logistics Times Weekly Magazine (《物流時代周刊》雜誌社)

### OUR BUSINESS MODEL

Our offerings primarily include the following:

- ***Smart intralogistics solutions.*** Our smart intralogistics solutions are integrated solutions comprising one or more of the following intralogistics products: (i) smart intralogistics software systems, (ii) automated storage and retrieval systems (AS/RS), (iii) automated conveyor and sorting systems, and (iv) robotics systems. We offer our smart intralogistics solutions on a project-by-project basis and charge our customers in installments after achieving milestones outlined in our project contracts.
- ***Sales of intralogistics equipment and others.*** We sell intralogistics equipment, mainly stacker cranes, in standalone orders to customers. Our intralogistics equipment are designed to suit a variety of operational environments, such as high-density warehouses for lithium-ion batteries and fast-moving consumer goods, and temperature-controlled and low-temperature facilities for food and healthcare products. Our intralogistics equipment deliver reliability, scalability, and operational efficiency.
- ***After-sales services.*** Our after-sales services are designed to support the long-term performance and reliability of our smart intralogistics solutions. These services primarily include retrofit projects, where we upgrade existing systems in our solutions to improve efficiency or adapt to our customers’ evolving operational needs. We also offer the replacement of spare parts to ensure uninterrupted operations of our solutions, as well as comprehensive maintenance services to minimize downtime and extend the lifecycle of our equipment. Our dedicated after-sales team provides prompt, professional support to address customer concerns, ensuring the sustained success of their operations.

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The following table sets forth a breakdown of our revenue by business segment:

	Year ended December 31,					
	2023		2024		2025	
	<i>(RMB in thousands except for percentages)</i>					
Smart intralogistics solutions . . . . .	1,602,744	94.6%	1,727,754	96.1%	1,786,679	95.0%
After-sales services . . . . .	47,515	2.8%	49,775	2.8%	82,126	4.4%
Sales of intralogistics equipment and others . .	44,395	2.6%	20,276	1.1%	12,876	0.6%
<b>Total</b> . . . . .	<b>1,694,654</b>	<b>100.0%</b>	<b>1,797,805</b>	<b>100.0%</b>	<b>1,881,681</b>	<b>100.0%</b>

We achieved revenue growth in 2023, 2024 and 2025 in China’s smart intralogistics solution market for the new energy sector. We attribute this to the following reasons:

- ***Proactive early market expansion and order capture.*** As customers sought to secure supply chain capacity in advance, many signed early and large-scale contracts with us. Access to such contracts was contingent on passing rigorous internal collective review processes imposed by these head customers, which evaluate suppliers across multiple dimensions including technical capability, qualifications, implementation record and service quality. We successfully passed these evaluations and entered the qualified supplier systems of leading enterprises such as CATL and others. We secured a substantial number of long-term contracts during this period. As some of these projects have relatively long implementation cycles, a significant portion of the revenue from these contracts continued to be recognized in 2024 and 2025.
- ***Stable demand from leading new energy customers.*** Our major customers include leading new energy enterprises such as CATL, REPT Battero and others. These customers generally have robust capital expenditure capabilities and a sustained need for smart intralogistics solutions. Even amid industry headwinds, they maintained a relatively stable pace of investment, contributing to our business resilience.

The following table sets forth a breakdown of our gross profit and gross profit margin by business segment:

	Year ended December 31,					
	2023		2024		2025	
	<b>Gross profit</b>	<b>Gross profit margin</b>	<b>Gross profit</b>	<b>Gross profit margin</b>	<b>Gross profit</b>	<b>Gross profit margin</b>
	<i>(RMB in thousands except for percentages)</i>					
Smart intralogistics solutions . . . . .	204,368	12.8%	209,927	12.2%	258,069	14.4%
After-sales services . . . . .	28,501	60.0%	21,855	43.9%	23,502	28.6%
Sales of intralogistics equipment and others . . . . .	4,966	11.2%	4,082	20.1%	2,606	20.2%
<b>Total</b> . . . . .	<b>237,835</b>	<b>14.0%</b>	<b>235,864</b>	<b>13.1%</b>	<b>284,177</b>	<b>15.1%</b>

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### Smart Intralogistics Solutions

Smart intralogistics solutions are our core offering. Our smart intralogistics solutions significantly differ from traditional inventory management approaches in terms of efficiency, automation, and data-driven control. Traditional warehouse and logistics operations typically rely on basic warehouse management systems, spreadsheets, and paper-based labels. Such systems depend heavily on manual input, resulting in low operational efficiency, poor space utilization, high labor costs, and limited accuracy and traceability. In contrast, our smart intralogistics solutions are built on integration of our smart intralogistics software systems and automated hardware. Such integration realizes efficient, automated movement of goods and inventory, real-time data tracking and process visibility, optimized warehouse layout and high space utilization, and reduced reliance on manual labor and improved accuracy.

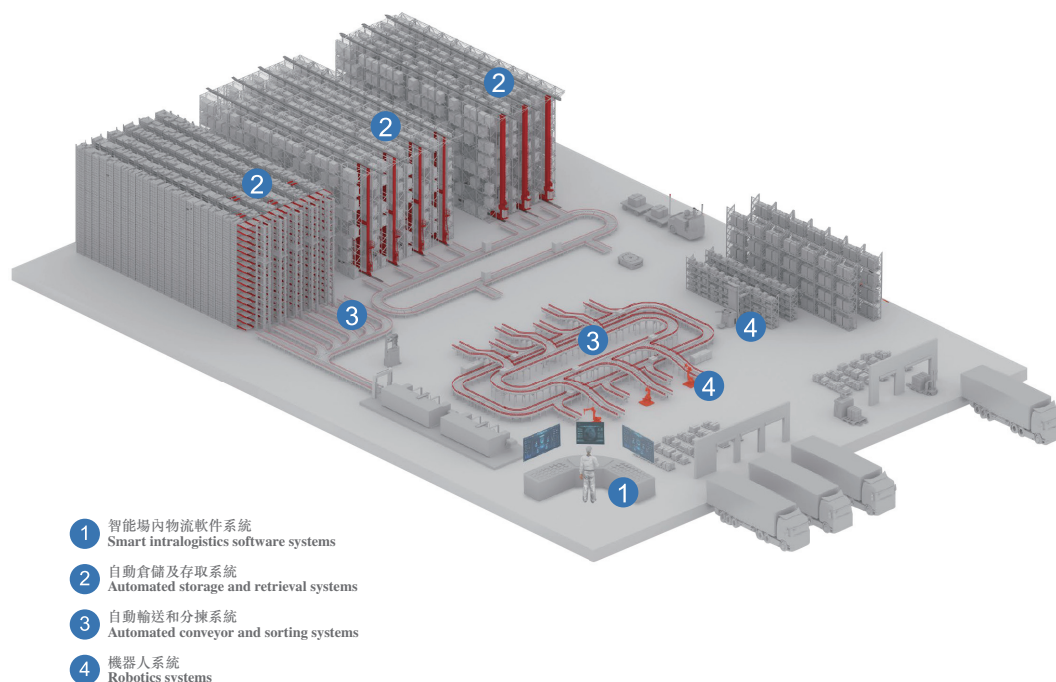
Our smart intralogistics solutions are differentiated from those of our competitors in several key areas, as follows:

- ***Proprietary software development.*** We can deploy in-house developed smart intralogistics software in our solutions, including warehouse control systems (WCS), warehouse management systems (WMS), and flexible manufacturing systems (FMS) for new energy lithium-ion batteries. This internal development capability allows us to exercise full control over system logic and rapidly customize functionalities based on customer needs. Our familiarity with our in-house system architecture and codebase enables quick and satisfactory troubleshooting and optimization.
- ***Selective in-house production capabilities.*** Stacker cranes and a portion of conveyors used in our smart intralogistics solutions are produced in-house. This partial vertical integration enables better quality control of key hardware and more flexible system configuration, which is particularly important for customers seeking highly customized solutions involving a large number of integrated components. By using in-house developed software and selectively self-manufactured hardware, we are able to ensure tighter system coordination and deliver more consistent throughput and reliability compared to solutions that rely entirely on third-party components.
- ***Industry experience and applied know-how.*** With over a decade of experience in delivering complex projects, especially in the new energy sector, we are able to anticipate operational challenges, design systems aligned with real-world production environments, and execute projects with reliability and customer alignment. Our solutions draw on lessons from past projects to address common implementation challenges such as system bottlenecks, space limitations, and equipment coordination issues.

We have experience serving customers from a wide range of industries, such as new energy, automotive parts, food, and healthcare. Our smart intralogistics solution business is project-based. Our smart intralogistics solutions comprise various intralogistics sub-systems that cover the entire spectrum of material handling and internal logistics operations, including (i) smart intralogistics software systems, (ii) automated storage and retrieval systems, (iii) automated conveyor and sorting systems, and (iv) robotics systems.

## BUSINESS

Below sets forth an illustration of a smart intralogistics solution:



Our revenue from smart intralogistics solutions amounted to RMB1,602.7 million, RMB1,727.8 million and RMB1,786.7 million in 2023, 2024 and 2025, respectively, representing 94.6%, 96.1% and 95.0% of our total revenue for the same years, respectively.

The following table sets forth a breakdown of our revenue from smart intralogistics solutions by customer industry:

	Year ended December 31,					
	2023		2024		2025	
	<i>(RMB in thousands except for percentages)</i>					
New energy . . . . .	1,257,676	78.5%	1,306,084	75.5%	1,676,602	93.8%
Automotive parts . . . . .	53,447	3.3%	169,049	9.8%	922	0.1%
Healthcare . . . . .	53,799	3.4%	66,561	3.9%	12,965	0.7%
Food . . . . .	78,962	4.9%	63,225	3.7%	12,720	0.7%
Others <sup>(1)</sup> . . . . .	158,860	9.9%	122,835	7.1%	83,470	4.7%
<b>Total</b> . . . . .	<b>1,602,744</b>	<b>100.0%</b>	<b>1,727,754</b>	<b>100.0%</b>	<b>1,786,679</b>	<b>100.0%</b>

(1) Primarily include chemicals, electronics, new materials, textiles and equipment manufacturing

In 2023, 2024 and 2025, revenue from our smart intralogistics solutions provided to the new energy industry accounted for 78.5%, 75.5%, and 93.8%, respectively, of our total revenue from smart intralogistics solutions. In 2025, this share rose to 93.8%, primarily due to (i) continued demand in the new energy industry and (ii) a material interim decrease in projects reaching customer acceptance in the automotive parts, healthcare and food sectors. Our business became concentrated in the new energy industry as a result of early strategic entry, strong customer relationships, and focused resource alignment. We were among the first intralogistics solution

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providers in China to serve the new energy industry, capitalizing on the rapid sector growth driven by China’s carbon peaking and neutrality goals. Through early engagement, we secured key projects with leading enterprises such as CATL, REPT Battero. We also established a business division and technical team specifically focused on the new energy industry. These efforts allowed us to develop tailored technologies and deepen collaboration with industry leaders, further reinforcing our strengths in the new energy industry.

We also have strong capabilities to expand into other downstream sectors. We have technical expertise and project experience in industries such as automotive parts, food, healthcare, and equipment manufacturing, demonstrating ability to adapt our solutions to diverse operational requirements. Our intralogistics software, such as our WCS and WMS systems, are modular and can be customized for varying industry-specific settings. We offer hardware built for varied environments, including a line of stacker cranes operating in temperatures ranging from -25°C to +60°C. Supporting this expansion, we maintain a sizeable sales team dedicated to these other sectors.

### *Smart Intralogistics Software Systems*

Our smart intralogistics software systems primarily include our proprietary warehouse control systems (WCS), warehouse management systems (WMS), and flexible manufacturing systems (FMS) for new energy lithium-ion batteries. These systems work together with the hardware components of our smart intralogistics solutions to streamline logistics workflows, enhance decision-making, and maximize operational efficiency. For example, WMS ensures real-time inventory tracking and compliance through features like batch tracking and expiration monitoring, while WCS optimizes the flow of goods by managing material handling equipment. FMS integrates manufacturing and logistics workflows for the production of new energy lithium-ion batteries, enabling dynamic production scheduling.

The following table sets forth a summary of our smart intralogistics software system products:

<b>Product</b>	<b>Product function</b>
WCS . . . . .	Enables users to: <ul style="list-style-type: none"><li>• Manage the flow of goods within automated warehouses by controlling material handling equipment such as conveyors, sorters, and AS/RS</li><li>• Optimize throughput and minimize delays by coordinating equipment operations in real time</li><li>• Realize integration with higher-level systems like WMS and ERP for enhanced operational efficiency</li></ul>
WMS . . . . .	Enables users to: <ul style="list-style-type: none"><li>• Track and manage inventory in real time, providing accurate visibility into stock levels, locations, and movements</li><li>• Streamline warehouse operations by automating processes like receiving, picking, packing, and shipping</li><li>• Use features such as batch tracking, expiration monitoring, and slotting optimization to enhance inventory accuracy and compliance</li></ul>

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Product	Product function
FMS for new energy lithium-ion batteries . .	Enables users to: <ul style="list-style-type: none"><li>• Integrate manufacturing and logistics workflows of lithium-ion battery production, enabling dynamic production scheduling and real-time adjustments to changing demands</li><li>• Coordinate material flows between lithium-ion battery production lines and storage areas, reducing lead times and improving manufacturing efficiency</li><li>• Benefit from enhanced flexibility by supporting just-in-time production and lean manufacturing principles</li></ul>

### *Automated Storage and Retrieval Systems*

Our automated storage and retrieval systems primarily include AS/RS equipment, such as stacker cranes, racking systems, and shuttles. Our AS/RSs enable more efficient sorting and sequencing of goods, storage and retrieval of loads, and utilization of storage space. By automating material handling processes, our AS/RSs help streamline intralogistics workflows, increasing throughput (measured by the number of units, loads, or items that can pass through the system per hour) and enhancing inventory accuracy. They are also flexible and scalable, allowing our customers to adapt to their changing operational needs or expand storage capacity without requiring significant physical space. Furthermore, our AS/RSs help our customers save intralogistics and warehouse management costs by optimizing energy consumption and reducing operational expenses, while ensuring the safety and security of stored goods through precise, automated handling.

### *Stacker Cranes*

Stacker cranes, also called storage and retrieval machines (SRMs), are one of our flagship intralogistics products and a key component of our smart intralogistics solutions. Stacker cranes are automated machines used in AS/RSs to move, store, and retrieve goods within high-density warehouses or storage facilities. They typically operate continuously and at high speeds in narrow aisles between racks along three axes: vertical (up/down), horizontal (along the aisle), and into/out of the rack. Stacker cranes automate tasks such as lifting, transporting, and precise positioning of loads to reduce reliance on manual labor, thus optimizing warehouse efficiency and space utilization while ensuring safe handling of heavy or delicate goods.

Our product portfolio includes a variety of stacker cranes tailored to meet the unique needs of a wide range of industries such as new energy, automotive parts, healthcare, chemicals, and food. For example, for new energy customers who are lithium-ion battery manufacturers, we provide stacker cranes capable of smooth and reliable operation in temperatures as high as 60°C. This functionality is important as the production and storage environments of lithium-ion batteries can involve elevated temperatures during steps such as electrode drying, electrolyte filling, and formation processes. For customers in the food industry that require cold-chain storage solutions, we offer stacker cranes that are able to operate in freezing temperature environments as low as -25°C.

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Below sets forth the details of certain of our key stacker crane products:

Specification	Product					
	MINILoad SRM	HD600 SRM	HD1200 SRM	HS1500 SRM	HD3000 SRM	HD12000 SRM
Maximum height . . .	25m	15m	24m	46m	40m	30m
Maximum lifting capacity . .	100kg	600kg	1,500kg	2,000kg	3,000kg	12,000kg
Operation temperature.	-25°C to +40°C	-25°C to +60°C	-25°C to +40°C	-25°C to +40°C	-25°C to +40°C	-25°C to +40°C
Maximum drive speed . . . .	240m/min (optional upgrade to 360m/min)	240m/min	180m/min	240m/min	240m/min	150m/min
Use case . . .	Order picking and storage of small items in automotive parts, healthcare and retail industries	Heat resistance makes it suitable for lithium-ion battery production	Handling of pallet units in healthcare, cold-chain, automotive parts and new energy industries	Handling of pallet units in healthcare, cold-chain, automotive parts and new energy industries	Heavy industry and food solutions that include heavy-duty handling	Steel, paper, and shipbuilding industries, and heavy material storage

Sample . . . .



### Shuttles

Shuttles are another of our flagship intralogistics products and an integral part of our smart intralogistics solutions. They are automated vehicles used in storage systems to transport, store, and retrieve goods primarily along one or multiple horizontal axes, with vertical access usually handled by separate equipment. Shuttles serve a variety of functions depending on their design and application, operating both within racking systems and on the ground to optimize material flow and storage efficiency.

## BUSINESS

Our shuttle products mainly comprise rail guided vehicles (RGV) and multi-shuttles.

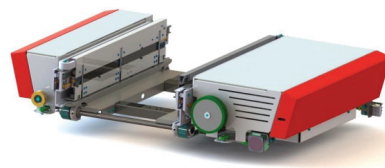
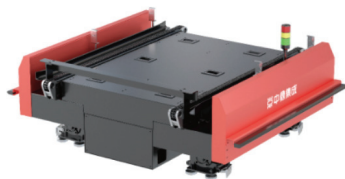
- **RGVs** are designed primarily for ground-level operations. Of our RGVs, linear shuttles operate on straight tracks, making them ideal for tasks such as horizontal transportation between zones, cross-docking, or staging in buffer areas. Circular shuttles operate on looped tracks, enabling deployment of multiple shuttles traveling in the same direction and efficient material flow across multiple points in a warehouse, such as connecting inbound (where goods arrive) and outbound (where goods are shipped out) areas or integrating with automatic conveyor and sorting systems. Both types of ground-level shuttles enhance flexibility and streamline operations in warehouse environments.
- **Multi-shuttles** are automated vehicles that use multiple shuttle units operating independently on multiple levels of a racking system, where they perform high-density storage and retrieval tasks, enabling high-speed handling and increased throughput in AS/RS.

All of our shuttles can be integrated with our WMS systems to enable precise inventory tracking, real-time data access, and optimized workflows.

Below sets forth details of certain of our key shuttle products:

Specification	Product	
	Rail Guided Vehicle	Multi-Shuttle
Load capacity . . . . .	1,500kg	50kg
Operating speed . . . . .	160m/min	180m/min
Use case . . . . .	<ul style="list-style-type: none"> <li>• Used for pallet transportation at the entry of warehouses</li> <li>• Capable of transporting items along linear and circular rails</li> </ul>	<ul style="list-style-type: none"> <li>• Used for high-speed storage and retrieval of totes in warehouses</li> <li>• Operates on multi-level racking systems</li> <li>• Used in combination with elevators and conveyor systems</li> </ul>

Sample . . . . .



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## BUSINESS

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### *Automated Conveyor and Sorting Systems*

Our automated conveyor and sorting systems include various types of in-house manufactured and externally procured conveyors, automated sorting equipment, and goods-to-person/goods-to-robot systems. These systems are designed to facilitate coordinated material flow and efficient order fulfillment processes within our smart intralogistics solutions. By automating the transportation, sorting, and picking of goods, our automated conveying and sorting systems enable the precise and rapid handling of items, significantly improving throughput and reducing the need for manual intervention. Our strong integration capabilities enable us to integrate our in-house and externally procured systems, ensuring compatibility and optimal performance within our solutions.

Our conveyor products include various types of conveyors, such as roller conveyors, chain conveyors, and rotary roller conveyors. Conveyors ensure smooth and continuous movement of goods between different areas of the customer's warehouse, distribution center, factory or production lines. We have also developed conveyor products tailored to the needs of specific industry verticals, such as for the new energy industry. For this industry, we have developed dedicated roller conveyors and rotary roller turntable conveyors, all of which require high precision, strong safety measures, and reliability due to the inherently dangerous nature of charging and discharging in battery formation and capacity grading processes, as well as the need for high and tightly controlled temperatures.

Our automated sorting equipment provides high-speed and accurate sorting of items based on predefined criteria, optimizing material flow and reducing manual intervention in intralogistics. Key features of our automated sorting equipment include automated pallet transport to induction points (the designated point where goods enter an automated material handling system), precise load elevation for secure handling, and robotic picking with multi-gripper end effectors capable of dynamic spacing adjustments to accommodate varying item dimensions. Laser detection systems validate load alignment and count, triggering alerts in cases of discrepancies to maintain process integrity. Once picked, items are placed onto conveyor lines or sorter chutes, with sensor-triggered motorized rollers ensuring energy efficiency and smooth throughput. End-of-line sensors and protective mechanisms, such as blockers and diverters, prevent collisions and misrouting.

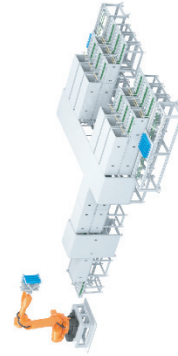
By automating key material handling tasks, our automated conveying and sorting systems help customers streamline logistics workflows, enhance order accuracy, and reduce labor costs. Additionally, our conveying and sorting systems are highly scalable and configurable, allowing businesses to adapt to fluctuating order volumes, seasonal demand spikes, or changes in operational layouts. They also optimize space utilization by enabling vertical and horizontal integration of processes, reducing the need for excessive floor space.

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The following table sets forth the product details of certain of our automated conveying and sorting system products:

Specification	Product			
	Roller Conveyor	Chain Conveyor	New energy rotary roller conveyor	New energy automated sorting machine
Standard height . . . . .	800mm	800mm	600mm	Pull belt height: 750mm
Maximum load . . . . .	1,500kg	1,500kg	400kg	150kg (robotic arm standard payload)
Operation drive speed . . . . .	16m/min	16m/min	18m/min	18m/min
Function . . . . .	<ul style="list-style-type: none"> <li>• Transports cargo across various points in the warehouse, reducing manual handling and streamlining workflows</li> <li>• Integrates with other components of our smart intralogistics solutions like shuttles and sorting stations</li> <li>• Supports various handling units, including totes and pallets</li> </ul>			
Use case . . . . .	High-bay warehouses and various types of pallet-based storage systems	High-bay warehouses and various types of pallet-based storage systems	High-bay warehouses for new energy lithium-ion batteries	High-bay warehouses for new energy lithium-ion batteries

Sample . . . . .



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## BUSINESS

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### *Robotics Systems*

We integrate self-developed control software systems into various robots, such as industrial robots and mobile robots, as part of our robotics systems utilized in our smart intralogistics solutions. Use of our software systems within such robots, and the integration of such robots into our intralogistics solutions, enables automation, improves accuracy and safety of certain manufacturing and warehousing processes, such as picking and palletizing, and reduces the need for human intervention. All of the robots used in our robotics systems are procured from external suppliers.

- **Industrial robots** are integrated into our robotics systems to work alongside other intralogistics subsystems to optimize workflow, supporting operational efficiency, accuracy, and throughput.
- **Mobile robots**, embedded with our WCS software systems, are integrated into our robotics systems to enable more flexible transportation of items, data exchange, and real-time monitoring, inventory tracking, and improved decision-making in our intralogistics solutions.

### *Case Studies*

*No. 1: Smart intralogistics solution for a globally leading innovative new energy technology company headquartered in China.*

A globally leading innovative new energy technology company headquartered in China required a high-capacity smart intralogistics solution capable of handling multiple product types and supporting production lines with diverse process routes. In addition, the solution needed to meet stringent requirements for safety protection and failure prevention during cell transportation and storage, while ensuring the accuracy and traceability of battery cell data.

### Our Solution

Our solution was deployed to manage intralogistics operations supporting the battery formation and capacity grading processes across three battery production lines. Core equipment included high-temperature soaking racks (operational at  $45\pm 5^{\circ}\text{C}$ ), high-temperature aging racks (operational at  $45\pm 5^{\circ}\text{C}$ ), room-temperature resting racks, depalletizing/palletizing machines, roller conveyor lines, stacker cranes, fire alarm systems, sprinkler systems, and supporting electrical control systems, dispatching systems, inspection systems, and management systems. All individual equipment and distributed subsystems within our solution interact with the customer's manufacturing execution systems (MES) through our FMS systems, enabling integration with the customer's upstream and downstream production equipment, and aligning with the specific production process requirements of each production line. Our self-developed FMS (formerly known as the FTS system) used in the solution performs key functions including pallet dispatching, equipment monitoring, and production data management.

### Key Benefits

Key benefits offered by our solution included:

- **High production capacity.** Core logistics equipment used in our solution included dual-position stacker cranes and robotic arms. Our-self developed stacker cranes provided high operational efficiency while maintaining reliability and stability, achieving a throughput of 115 pallets per hour.

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- **Multi-product compatibility.** The grippers in the robotics systems of our solution are designed with automatically adjustable spacing, enabling the handling of battery cells with varying center distances. Both our self-developed gripper fingers and guide rails can be reconfigured to accommodate cells of different widths, enabling flexible adaptation to diverse product specifications.
- **Support for multiple process routes.** Different battery cell models often follow distinct process flows. Our self-developed FMS supports concurrent production of battery cells with different process requirements on the same production line.
- **Safety protection and failure mitigation in transport and storage.** Our solution prevents damage during cell transport by using insulated grippers with photoelectric sensors to avoid misalignment and crushing. In case of power or air loss, grippers keep the cells secure. Defective cells are removed automatically by robotic arms based on the FMS system. Each rack has fire detection and sprinklers for quick action if thermal issues arise.
- **Data accuracy and traceability.** Battery cell production is tracked at every stage, such as testing, palletizing, sorting, and storage. Each cell is assigned a unique pallet code, verified with visual inspections, and checked during each transport step. Multiple validation layers maintain data consistency and traceability throughout the process.

### *No. 2: Pharmaceutical Solution for Sinopharm Lerentang Pharmaceutical Co., Ltd.*

Sinopharm Lerentang Pharmaceutical Co., Ltd., a large-scale pharmaceutical distribution enterprise specializing in drug logistics and delivery, required a pharmaceutical intralogistics solution for its facilities in Shijiazhuang, China capable of addressing two main challenges:

- **Automated Inbound and Outbound Operations.** The intralogistics solution needed to be able to handle rapid and precise transportation, storage and retrieval of pharmaceutical products, ensuring no errors such as misdelivery or omissions;
- **Robust Inventory Management.** The solution needed to provide real-time inventory tracking, down to the exact quantity and location of each drug, while also managing expiration dates to ensure product quality and safety. Automated notifications for near-expiry products were essential to avoid waste and maintain compliance with industry regulations.

### Our Solution

To address these challenges, we designed and implemented a smart intralogistics solution tailored to Sinopharm Lerentang's specific requirements in 2023. The solution included the following features:

- **Multi-Shuttle Subsystem.** This subsystem enabled efficient horizontal movement of totes across multiple vertical levels within a high-density racking system to deliver rapid and accurate inbound and outbound operations. The design met the pharmaceutical sector's requirements for high-throughput, small-batch outbound processing and improved space utilization through multi-tier storage and retrieval.
- **Goods-to-Person Picking Subsystem.** This subsystem integrated autonomous mobile robots (AMR), multi-shuttles, goods-to-person picking, and final inspection and packaging. The use of AMRs, in particular, enabled efficient split-order picking, a critical outbound method in pharmaceutical logistics where orders often involve smaller quantities or individual units rather than full cases or pallets.

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- **Robotic Depalletizing System.** Two depalletizing robots were deployed to handle outbound picking tasks. Each robot had a handling capacity of up to 300 cases per hour, ensuring that our solution could handle spikes in demand without compromising performance.
- **WCS Integration.** A proprietary WCS with location-level inventory management was implemented to provide real-time tracking and precise control of inventory. Supported by barcode and RFID technologies for accurate data capture, the WCS ensures product traceability and safety, optimizes storage layout, enables inventory forecasting, and improves warehouse space utilization.

### Key Benefits

Our solution provided Sinopharm Lerentang with the following key benefits:

- **Enhanced Operational Efficiency.** Our fully automated solution significantly improved efficiency. For instance, each goods-to-person picking subsystem deployed in this solution is capable of processing 400 picks per hour, with an error rate of 0.02%.
- **Optimized Inventory Management.** Our proprietary WCS enabled real-time monitoring of inventory, providing precise information on stock levels, locations, and expiration dates. This allowed for better inventory forecasting, replenishment planning, and compliance with pharmaceutical safety standards.
- **Improved Space Utilization.** The use of smart intralogistics equipment, such as the automated warehouse and high-density racking systems, maximized storage density and capacity, meeting the customer's growing storage needs.
- **System Integration.** Our solution was fully integrated with the Sinopharm Lerentang's existing IT infrastructure, enabling smooth data sharing and operational workflows across the organization.
- **Safety and Compliance.** Our solution adhered to stringent pharmaceutical industry regulations, with measures in place to ensure the safety and quality of drugs during storage and transportation.

### *No. 3: Automated Cold Chain Solution for a leading quick-frozen food company in China.*

A leading quick-frozen food company required a smart intralogistics solution to enhance storage and logistics efficiency and reduce operational costs. The system needed to address challenges such as slow manual storage and retrieval processes and the lack of real-time inventory visibility, which resulted in inefficiencies during peak demand periods.

### Our Solution

We designed and completed a solution tailored to the customer's cold chain logistics needs. The solution features a -25°C low-temperature cold-chain storage solution with eight stacker crane aisles across two cold storage units, providing a combined storage capacity of 26,688 pallet positions to support an annual production volume of 133,000 tonnes of frozen food. The solution included dual-layer conveyor lines for inbound and outbound operations, with the lower-level handling outbound tasks such as pallet returns and nighttime inventory adjustments, while the upper level facilitates inbound operations. The solution integrates AS/RS, real-time WMS for inventory monitoring, and intelligent scheduling to optimize order prioritization and material flow.

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### Key Benefits

The solution significantly improved operational efficiency, with automated equipment and intelligent scheduling increasing storage and retrieval speeds and enabling 24/7 continuous operations to meet peak demand. Labor costs were reduced due to minimized manual intervention, while error rates were reduced and inventory accuracy was improved with the help of real-time monitoring and automated processes. The solution’s modular design provides scalability for future expansion, and its integration with the customer’s ERP system enhances overall supply chain visibility. We also provided multiple solutions for other members of the customer’s corporate group.

#### *No. 4: Car Body Solution for a leader in the global new energy vehicle and battery sectors*

A leader in the global new energy vehicle and battery sectors required a highly customized logistics solution to support its plant in central China. The facility, located between the painting and final assembly workshops, needed an intralogistics solution to manage the storage and dynamic sequencing of semi-finished car bodies while ensuring integration with production schedules. The solution also had to meet stringent requirements for fully unmanned operations, high precision, and safety, while accommodating the plant’s high production cadence of 125 car bodies per hour.

### Our Solution

We developed a tailored smart intralogistics solution to meet the customer’s unique requirements. The solution included AS/RS systems with seven aisles, equipped with double-column stacker cranes and a storage capacity of more than 900 car bodies. The system featured a four-layer conveyor network to handle inbound and outbound operations for different production lines, ensuring efficient material flow between workshops. We developed a custom WMS software platform, integrated with the customer’s VIN system, to enable real-time inventory synchronization, dynamic sequencing, and order-based material dispatch. Our safety features, such as automated safety doors and personnel protection sensors, were incorporated to ensure a zero-incident operating environment.

### Key Benefits

The solution significantly increased operational efficiency compared to traditional manual processes, achieving a production cadence of 125 car bodies per hour and significantly increased annual output. Automated material handling reduced labor costs and minimized errors, ensuring precise sequencing and delivery of car bodies to assembly lines. The high-density storage design optimized space utilization, reducing facility costs while meeting production demands. With its modular and scalable design, the system supports future capacity expansion and adaptability to the customer’s evolving production needs.

### ***Key Operating Metrics***

The following table sets forth selected key operating metrics of our smart intralogistics solution business:

	Year ended December 31,		
	2023	2024	2025
Number of customers served <sup>(1)</sup> . . . . .	25	21	26
Number of projects delivered and accepted . . . . .	37	34	45
Gross profit margin (%) . . . . .	12.8%	12.2%	14.4%
Repurchase rate <sup>(2)</sup> (%) . . . . .	52.9%	44.0%	44.0%
Value of new contracts <sup>(3)</sup> (RMB in thousands). . . . .	1,156,627	718,801	1,921,435
Revenue from existing customers <sup>(4)</sup> (RMB in thousands). . . . .	1,393,458	1,478,344	1,585,098

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- (1) Defined as number of customers who accepted a smart intralogistics solution we delivered.
- (2) Repurchase rate calculated as percentage of customers who entered into contract with us during the relevant period and to whom we had previously sold smart intralogistics solutions.
- (3) Total value of new contracts equals the total contract value of new smart intralogistics solutions projects we obtained in the year indicated.
- (4) Existing customers refers to customers to whom we had previously sold smart intralogistics solutions.

In 2023, 2024 and 2025, we recorded RMB1,156.6 million, RMB718.8 million and RMB1,921.4 million of new contracts in our smart intralogistics solution business, respectively. These amounts represent the total contract value of new smart intralogistics solutions projects obtained in these years. In 2025, we recorded RMB1,921.4 million in new smart intralogistics solution contracts, representing a 167% increase from the RMB718.8 million recorded in 2024. This significant growth is primarily attributable to a rebound in capital expenditure within the new energy industry, driven by emerging customer investments in energy storage. In both 2024 and 2025, our customer repurchase rate was 44%, down from 52.9% in 2023. This decline was primarily due to increase in new customers, which diluted the repurchase rate.

The following table sets forth operating metrics of our smart intralogistics solution business related to project duration:

	Projects accepted by customers in		
	2023	2024	2025
Range of project duration <sup>(1)</sup> . . . .	230 – 2,025 days	236 – 2,134 days	159 – 1,211 days
Average project duration <sup>(1)</sup> . . . . .	508 days	694 days	530 days

- (1) Project duration is defined as the number of days between (i) commencement of solution design and (ii) acceptance by the customer.

In 2023, 2024 and 2025, average project durations of our smart intralogistics solutions were 508 days, 694 days and 530 days, respectively. The elevated average in 2024 was primarily driven by the coincidental acceptance of several long-cycle projects, including (i) a 2,134-day legacy project initiated in 2018 and formally accepted in 2024, where engagements concluded through mutually agreed partial completions following customers’ revised operational requirements, and (ii) projects that reached customer acceptance in 2024 after inherently extended implementation periods due to their large scale and technical complexity.

We are adopting a series of measures to shorten project duration during our system integration workflow, as follows:

- **Solution design.** (i) Completing the solution design in instalments and commencing procurement after each instalment, rather than after completion of the entire design; (ii) and conducting advance procurement of critical raw materials and standardised components to avoid delays caused by long procurement lead times.
- **Manufacturing.** Manufacturing intralogistics equipment in batches, prioritising main structural components while advancing other parts in parallel.
- **Supplier management.** Deployment of dedicated personnel at core equipment suppliers to monitor production schedules and quality in real time, with staged quality inspections conducted at supplier factories, thus reducing risk of defects being identified only after delivery to the project site.

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- Quality control.** Our quality department shall conduct multiple rounds of integrated internal testing under simulated production scenarios before formal customer acceptance, improving the pass rate of on-site commissioning on the first attempt and reducing repeated debugging and rectification, which we expect to reduce customer acceptance cycles by approximately 30 days on average.

Taken together, we expect these measures, if successful, to shorten overall project duration by approximately 80 days on average.

### Sales of Intralogistics Equipment and Others

Our sales of intralogistics equipment primarily comprise AS/RS equipment, the majority of which consists of stacker cranes, as well as conveyors. We mainly sell these equipment to intralogistics system integrators, who integrate them into their own solutions. To a much lesser extent, we also sell scrap materials from our production activities.

The number of standalone AS/RS equipment (as opposed to as part of our smart intralogistics solutions) we sold annually was 42, 37 and 16 units in 2023, 2024 and 2025, respectively. Depending on the model and specification, the price range of our AS/RS equipment is between RMB0.2 million and RMB1.2 million per unit. In 2025, we began selling standalone conveyors, with 350 units sold at an average price of approximately RMB7.0 thousand per unit. Our pricing strategy for the sale of intralogistics equipment is cost-based, with reasonable profit margins incorporated to ensure sustainable operations. In determining pricing, we consider factors such as whether the industry of the customer aligns with our strategic development goals and the nature of the client relationship, including whether the purchase is a one-time transaction or part of a recurring procurement cycle. Taking into these factors, we adjust profit margins accordingly while ensuring competitive pricing.

The following table sets forth selected key operating metrics of our sales of intralogistics equipment and others:

	Year ended December 31,		
	2023	2024	2025
Number of customers served <sup>(1)</sup> . . . . .	4	5	6

<sup>(1)</sup> Defined as number of customers who accepted intralogistics equipment or other items sold by us.

### After-Sales Services

We provide after-sales services primarily to customers who have purchased our smart intralogistics solutions in order to support the long-term performance and reliability of our solutions. We also provide such services to a small number of customers for their intralogistics solutions purchased from other service providers. Our after-sales services primarily comprise (i) regular maintenance, for which we charge our customers on an annual basis; (ii) spare parts and repairs, such as the replacement of spare parts and subsystems in our solutions, for which we charge our customers for each maintenance or repair provided; and (iii) technical upgrades and modifications, which primarily include retrofit projects where we upgrade existing systems in our solutions to enhance efficiency, integrate newer technologies, or align with the evolving operational requirements of our customers. We charge our customers for each technical upgrade or modification provided. While payment schedules may differ by service type, the total contract amount under each contract is predetermined and fixed. Our after-sales team provides prompt, professional support such as routine maintenance and emergency repairs to address customer concerns, ensuring the sustained success of their operations, and improve customer stickiness.

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A representative case of our after-sales services is a retrofit project we completed for a leading company in the new energy industry who required a high-temperature aging retrofit to adapt their production line to meet evolving operational demands. The modifications needed to be completed within a tight timeframe and involved complex on-site conditions. To address this, we conducted a detailed assessment of their production requirements and proposed an efficient, customized solution which significantly reduced project lead time and ensured minimal disruption to their operations. Our ability to deliver high efficiency and technical expertise set us apart from competitors, enabling us to meet the customer’s unique needs while maintaining strict quality standards. As a result, the customer expressed high satisfaction with our service.

The pricing of our after-sales services is based on three primary models. First, services are priced by type, distinguishing between basic services such as equipment maintenance and troubleshooting, which have relatively fixed prices, and value-added services like system upgrades or technical modifications, where pricing depends on the complexity of the requirements and workload. Second, pricing is based on service duration, charging by the hour or day for temporary technical support or emergency repairs. Third, an annual pricing model is applied for larger-scale intralogistics solutions, with fees linked to the project value and age of the solution we previously supplied to the customer.

After-sales service pricing depends on factors such as the complexity of technical equipment (e.g., stacker cranes, conveyors, WCS/WMS software), the scope of services provided (including maintenance, upgrades, and training), market competition, and customer needs. Competitive pricing may be used to gain market share, but additional service demands or faster response times increase costs due to more resources and staffing.

The following table sets forth selected key operating metrics of our after-sales services:

	Year ended December 31,		
	2023	2024	2025
Number of customers served . . . . .	120	131	146
Range of service fees (RMB in thousands per after-sale service project delivered).	0.5 – 18,495.6	0.05 – 4,309.7	0.1 – 8,000.0
Average service fees (RMB in thousands per after-sale service project delivered).	130.2	86.9	127.1
Range of project duration . . . . .	27 – 1,833	29 – 1,485	11 – 1,469
Average project duration . . . . .	166	210	193

In 2023, 2024 and 2025, average service fees of our after-sales services were RMB130.2 thousand, RMB86.9 thousand and RMB127.1 thousand per project, respectively. The elevated average in 2023 was primarily attributable to a major retrofitting and upgrading project (RMB18.5 million service fee) for a large electric vehicle and lithium-ion battery company, undertaken to upgrade their production facilities. Average service fees were also comparatively high in 2025, at RMB127.1 thousand, primarily due to the acceptance by customers of five retrofitting and upgrading projects, each with a service fee exceeding RMB3 million.

Our after-sales services exhibit a wide range in project duration, given that they encompass both shorter-term activities such as sales of spare parts and repairs and maintenance and longer-term activities such as retrofit projects. In 2023, 2024 and 2025, our average project durations for after-sales services were 166, 210 and 193 days. Our average project durations remained elevated in 2024 and 2025, at 210 and 193 days. This is primarily because the increase of our after-sales service projects in these two years. To reduce project timelines, we allocated additional personnel and resources in the second half of 2024, which led to a decline in the average project duration in 2025.

All of our after-sales service contracts are entered into on a fixed-price basis.

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### Backlog and Project Performance

During the Track Record Period, we have maintained a backlog of ongoing and secured projects across our business segments, which serves as an indicator of our future revenue visibility and project pipeline health. The following tables set forth an overview of our project backlog as of the relevant dates by business segment:

	Rolling backlog of projects by number		
	As of December 31,		
	2023	2024	2025
Smart intralogistics solutions . . . . .	72	74	71
After-sales services . . . . .	262	303	412
Sales of intralogistics equipment and others . . . . .	7	12	13
	Rolling backlog of projects by outstanding contract value		
	As of December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Smart intralogistics solutions . . . . .	4,309,550	3,066,352	2,891,960
After-sales services . . . . .	50,620	90,669	116,715
Sales of intralogistics equipment and others . . . . .	30,628	49,070	44,356
<b>Total . . . . .</b>	<b>4,390,798</b>	<b>3,206,091</b>	<b>3,053,031</b>

As of December 31, 2023, 2024, and 2025, our rolling backlog of projects by outstanding contract value were RMB4,390.8 million, RMB3,206.1 million and RMB3,053.0 million, respectively. This decline reflects the progressive completion and customer acceptance of projects originally secured before 2023, which transitioned from backlog to revenue recognition. Such acceptances have outpaced the contracted value of new intralogistics projects during the Track Record Period.

Below sets forth our rolling backlog as of December 31, 2025, reflecting outstanding contract sums to be recognized as revenue:

	Rolling backlog of projects as of December 31, 2025		
	Outstanding contract sums to be recognized as revenue <sup>(1)(2)</sup> , of which:	Revenue to be recognized in 2026 <sup>(1)(2)</sup>	Revenue to be recognized after 2026 <sup>(1)(2)</sup>
		<i>(RMB'000)</i>	
Smart intralogistics solutions . . . . .	2,564,023	1,839,481	724,542
After-sales services . . . . .	103,373	88,535	14,838
Sales of intralogistics equipment and others . . . . .	39,380	33,896	5,484
<b>Total . . . . .</b>	<b>2,706,776</b>	<b>1,961,912</b>	<b>744,864</b>

(1) Revenue to be recognized in 2026 and in subsequent periods are based on forecasts of customer project acceptance timelines made as of the Latest Practicable Date. These forecasts are based on the progress schedules for ongoing contract projects, the on-site work arrangements, and the timeframes of customers' past acceptance procedures.

(2) Financial projections are forward-looking in nature. These projections are subject to inherent uncertainties, assumptions, and risks, many of which are beyond our control or are difficult to predict, including but not limited to changes in global economic conditions, industry trends, customer demand, input costs, tariffs and trade restrictions, regulatory developments, and other factors outlined in the “Risk Factors” that may cause actual results to differ materially from those projected.

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As of December 31, 2025, the outstanding contract sums to be recognized from rolling backlog of projects amounted to RMB2,706.8 million, of which smart intralogistics solutions represented 94.7%. Approximately RMB1,961.9 million, or 72.5%, is expected to be recognized in 2026 and RMB744.9 million, or 27.5%, thereafter, providing visibility of revenue over the near and longer term.

The following table sets forth certain information regarding lossmaking projects of our smart intralogistics solution business:

	Year ended December 31,		
	2023	2024	2025
Lossmaking smart intralogistics solution projects accepted by customers –			
By number . . . . .	4	9	9
By associated losses (RMB in thousands):	6,139	22,210	74,159

During the Track Record Period, we recorded a number of lossmaking smart intralogistics solution projects, with associated losses of RMB6.1 million, RMB22.2 million, and RMB74.2 million in 2023, 2024, and 2025, respectively. The losses were attributable to various project-specific and external factors, including:

- In 2023, heightened competition in the pharmaceutical sector led us to adopt a low-margin pricing strategy to retain key customers, which constrained profit margins.
- In 2024, the number of lossmaking projects increased, driven mainly by: (i) revenue write-downs due to certain customers entering bankruptcy and liquidation proceedings; and (ii) low-margin, strategic contracts aimed at expanding into new markets such as fast-moving consumer goods and cold chain logistics. All such lossmaking projects are one-off in nature and do not indicate a structural deterioration in profitability.
- In 2025, we incurred a loss of RMB57.4 million due to three projects, which further increased the overall loss of smart intralogistics solution projects. These projects were strategic initiatives launched in prior years to explore new markets and business areas, all of which were accepted by clients and recognized in 2025. As our business is project-based and each project operates independently, these losses do not affect the performance of our other projects.

To mitigate the risks of loss-making or delayed projects, we have implemented the following control measures:

- We conduct strict project initiation and feasibility assessments before bidding, evaluating technical feasibility, implementation complexity, delivery schedule, resource allocation and customer creditworthiness through third-party information platforms.
- We maintain a multi-department contract review process to ensure clarity in contract scope, payment terms, change management and default clauses.
- We have a standardised project handover mechanism to ensure complete information transfer from pre-sales to execution teams and minimise rework risks.
- We perform monthly rolling cost forecasts and risk alerts, with exceptions promptly reported internally for timely mitigation.

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### PRODUCTION AND INTEGRATION OF INTRALOGISTICS SYSTEMS

During the Track Record Period, key intralogistics equipment and hardware utilized in our smart intralogistics solutions were either produced internally or sourced from external suppliers. Typically, stacker cranes used in our solutions are manufactured in-house. Additionally, we produce tote conveyors, pallet conveyors (including roller and chain conveyors), and vertical lift conveyors internally. Other equipment and hardware employed in our smart intralogistics solutions, such as shuttles and racking systems, are acquired from external sources.

When delivering our intralogistics software, we may engage third-party services for software debugging and onsite commissioning support to manage our own capacity.

The following table sets forth external procurement costs (costs incurred for third-party components, equipment, and services) as a proportion of cost of sales for our smart intralogistics solutions which passed customer acceptance during the relevant periods:

	Year ended December 31,		
	2023	2024	2025
External procurement costs/cost of sales . . . . .	68.5%	70.9%	70.8%

- (1) "External procurement costs" represents all costs associated with purchasing third-party hardware and software, and subcontracted services (e.g., software debugging), of smart intralogistics solutions accepted by customers during the period.
- (2) "Cost of sales" represents all costs of sales of smart intralogistics solutions accepted by customers during the period.

We determine whether to manufacture intralogistics hardware in-house or procure it from external suppliers based on a combination of practical and strategic considerations, including:

- **Internal production capability.** We evaluate whether we have the necessary production lines, equipment, and technical expertise to manufacture a given type of hardware. As of the Latest Practicable Date, we have in-house production capability for stacker cranes and certain types of conveyors.
- **Cost-efficiency and resource allocation.** We consider whether in-house manufacturing would be cost-effective compared to external sourcing, taking into account material, labor, and scale-related costs, as well as the opportunity cost of allocating internal resources and contract specifications.
- **Project timeline.** For projects with tight delivery schedules or during peak production periods, we may choose to procure key components externally to ensure on-time project delivery and optimal use of internal capacity.

#### **In-House Production**

During the Track Record Period, we operated two production facilities in Wuxi, Jiangsu province, China, the Dahuai Road facility and the Gangtie Road facility.

The Dahuai Road facility spans a production area of 13,056 square meters and is equipped with production lines dedicated to the assembly of stacker crane cargo platforms, crossbeams, and conveyors. It also houses large-scale CNC machining equipment, including a large gantry machining device and a large-span welding machine, which enable the production of highly precise

## BUSINESS

and complex components in our production of intralogistics equipment. The Dahuai Road facility employs approximately 130 production staff members and features automated production lines. Its primary focus is the production of stacker cranes and conveyor systems for intelligent automated warehouses. Key production processes include painting, welding and pre-assembly of stacker crane columns, assembly of upper and lower crossbeams, cargo platform assembly, and CNC machining of large components.

Our second production facility, the Gangtie Road facility, is also located in Wuxi and covers a production area of 10,332.8 square meters. This facility is equipped with CNC machining equipment as well as advanced fabrication equipment such as laser flat cutting machines. CNC machining equipment are used in the production of key components such as stacker crane columns, crossbeams, cargo platforms, and other structural elements that require tight tolerances and consistent quality. Fabrication equipment is used to process raw materials into finished or semi-finished components. Laser cutting machines, for example, are used to cut raw metal sheets or pipes with high precision and efficiency. The Gangtie Road facility employs approximately 83 staff members and specializes in precision machining and fabrication. Its production focus includes stacker cranes, conveyor equipment, and safety fences for intelligent automated warehouses. Key production processes involve laser cutting of raw materials, sheet metal bending, welding, fitting, and CNC machining.

During the Track Record Period, the core intralogistics equipment we produced mainly comprised stacker cranes and conveyors, which vary significantly in specification, material consumption, components and production time. We commence production only after we have received orders from our customers, and the intralogistics equipment used in our solutions are highly customized, with adjustments made based on customer’s business models, production processes and other factors to accurately meet their requirements which reached customer acceptance. Given this project-by-project variability, we do not maintain standardized production capacity or utilization metrics, as they do not accurately represent our production approach.

The following table sets forth our production of stacker cranes and conveyors for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
Stacker cranes produced . . . . .	629	231	706
Conveyors produced . . . . .	2,283	7,197	7,957
<b>Total units produced . . . . .</b>	<b>2,912</b>	<b>7,428</b>	<b>8,663</b>

We experienced material fluctuations in the production volumes of stacker cranes and conveyors during the Track Record Period, primarily driven by shifts in customer demand and capacity allocation decisions:

- In 2023 and 2024, we strategically reallocated production capacity from stacker cranes to conveyors. As advance orders were fulfilled and stacker crane demand normalized, available production capacity was redirected to conveyors, where demand increased, particularly for integrated intralogistics solutions. Conveyor production rose from 2,283 units in 2023 to 7,197 units in 2024, representing a significant expansion in output, while stacker crane production declined to 231 units in 2024.
- In 2025, we recorded stacker crane production at 706 units and conveyors production at 7,957 units, primarily because of an increase in customer orders for both equipment. To meet this order demand, we have procured additional equipment and expanded our leased areas for production.

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During the Track Record Period, our in-house production of stacker cranes and conveyors increased significantly, while our revenue increased steadily from RMB1,694.7 million in 2023, RMB1,797.8 million in 2024 and RMB1,881.7 million in 2025. There is no correlation between these two sets of data. The lack of high correlation between our revenue growth and in-house production volumes is primarily attributable to our business model. While we manufacture certain key components (such as stacker cranes and conveyors) in-house, in 2023, 2024, and 2025, external procurement costs (i.e., costs incurred for third-party components, equipment, and services) accounted for 68.5%, 70.9% and 70.8%, respectively, of the costs of sales for our smart intralogistics solutions which passed customer acceptance during said periods. In consequence, our in-house production volumes do not materially affect our revenue.

Our in-house production process of intralogistics equipment begins with material preparation, including steel plate cutting, followed by machining to shape and refine components. Welding is then performed to assemble the parts securely. Next, we apply painting and surface treatment to protect and finish the products. Mechanical and electrical assembly is carried out to integrate all components. Each product is subjected to rigorous testing to ensure compliance with our quality standards. Once verified, the products are packaged to complete the in-house production process. Final stages include on-site installation, commissioning, and ramp-up, concluding with customer operation training to ensure smooth and effective use.

### Procurement

Other than stacker cranes and a portion of conveyors, we externally procure most equipment and hardware used in our smart intralogistics solutions to optimize resources and leverage specialized expertise. Additionally, we procure raw materials externally, and procure certain components used in our in-house production and assembly from third-party manufacturers. This hybrid production approach allows us to improve cost control.

The following table sets out the major equipment and hardware which we procure from external suppliers:

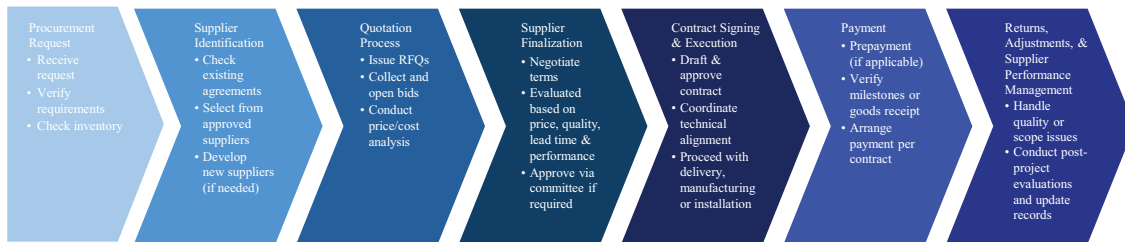
- ***Rack systems.*** These primarily include racking for lithium-ion battery formation and raw material storage, cold storage racking, and ambient-temperature racking. They are used across industries such as new energy, food cold chain, healthcare, and traditional manufacturing. We procure racking systems from leading manufacturers in the industry known for high product quality.
- ***Robotics.*** This includes mobile robots and industrial robots used for tasks such as palletizing and depalletizing, sorting, and visual inspection. Our robotic systems are sourced from both top Chinese brands and overseas equipment suppliers.
- ***Conveyors.*** These include pallet conveyor lines, carton conveyor lines, and high-speed sorting lines, and are used in traditional manufacturing workshop intralogistics as well as rapid sorting in the e-commerce sector.
- ***Circular Shuttles.*** These are used for warehousing and transport of finished goods in front of and within storage zones. We procure circular shuttles from established, high-quality industry suppliers.
- ***Multi-Shuttles.*** This includes pallet shuttles and tote shuttles, used for automated storage and retrieval in high-density automated warehouses.
- ***Automated Guided Vehicles (AGV).*** These are used for goods transport within production workshops and for inbound and outbound storage operations. We source AGVs from leading, quality-assured manufacturers.

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The following table sets out the major raw materials and components we procure for in-house production of our intralogistics equipment:

Type	Raw material and components
Non-standard components . . . .	Stacker crane travel wheels, stacker crane shafts, sheet metal parts, sprockets, drag chains, and others.
Standardized components. . . . .	Motors, forks, conductor rails, PLCs (programmable logic controllers), frequency converters, and others.
Raw materials. . . . .	Steel sheets, aluminum sheets, and others.

The following chart sets out our procurement process workflow for (i) major equipment and hardware integrated into our smart intralogistics solutions, and (ii) raw materials and components used for our in-house production of intralogistics equipment:



- Procurement Request.** Upon receiving a procurement request from the technical or engineering department, the procurement department assesses the completeness and accuracy of the submission. For major equipment and hardware, this includes reviewing both technical specifications and associated commercial terms such as delivery milestones, payment structure, and warranty coverage. For raw materials and components, procurement also checks warehouse inventory to determine whether procurement is necessary.
- Supplier Identification.** The procurement department first determines whether a framework pricing agreement or master contract is already in place. If so, the process moves directly to contract execution. If not, qualified suppliers are identified. For major equipment and hardware, this may involve confirming or expanding a prequalified vendor list based on both technical capability and commercial fit. For raw materials and components, suppliers are typically selected from an approved pool, with new supplier development initiated as needed.
- Quotation Process.** The procurement department prepares and distributes a request for quotation (RFQ) to selected suppliers. Submitted bids are opened jointly by the procurement department manager and the internal control team.
- Supplier Finalization.** Following bid evaluation, the procurement department engages in commercial and technical negotiations. Supplier selection considers factors such as pricing, quality, delivery time, technical strength, and past performance. For major equipment and hardware, supplier capacity is also considered.
- Contract Signing.** For major equipment and hardware, contracts typically include milestone-based delivery schedules, technical deliverables, and risk provisions. For raw materials and components, standard contract formats are used, based on agreed pricing and terms.

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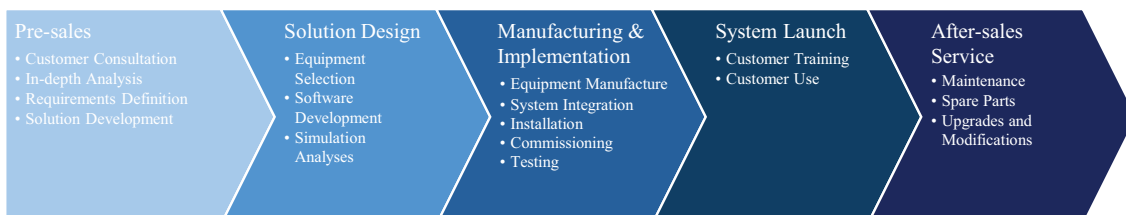
- **Contract Execution.** Suppliers begin fulfillment upon receiving the executed contract or confirmation letter. For equipment, execution involves technical alignment, submission of implementation plans, and coordination with project engineering teams. This includes design, manufacturing, installation, and commissioning. For raw materials and components, delivery follows the agreed timeline, with the quality team performing inspections.
- **Payment.** For major equipment and hardware, payment may include prepayment upon contract signing, followed by milestone-based disbursements. For raw materials and components, payment is based on actual goods received and inspected, with invoicing and settlement conducted according to the contract.
- **Returns and Adjustments.** Returns or adjustments are handled according to the nature of the issue. For components, discrepancies due to quality or quantity are resolved through negotiation and, if applicable, quality assurance penalties. For equipment, scope changes or technical modifications may require formal contract amendments.
- **Supplier Performance Management.** Supplier performance is regularly reviewed. For components, quarterly assessments are conducted by the technical, quality, and procurement teams. For equipment, performance reviews occur post-project or annually, involving engineering, technical, commercial, and quality teams. Evaluation results inform future sourcing decisions and supplier qualification updates.

### Systems Integration

Strong integration capabilities enable us to integrate different intralogistics subsystems, including hardware and software components, with the customer's existing warehousing facilities, manufacturing and production facilities, and logistics systems to create a tailored solution that caters to the unique needs of the customer, ensuring compatibility, efficiency, and streamlined operations.

Our self-developed stacker crane series demonstrates the breadth and versatility of our product portfolio, ranging from the MINILoad SRM where loads are relatively lightweight to the HD12000 SRM that are suited for the needs of customers with heavy-duty lifting requirements. In addition, we offer a comprehensive product line of smart intralogistics software, such as warehouse management systems (WMS), flexible manufacturing systems (FMS) for new energy lithium-ion batteries, warehouse control systems (WCS). By combining our comprehensive product range with high-quality components sourced from trusted third-party manufacturers, we are able to efficiently integrate diverse hardware and software, introducing new features and refining functionalities in our solutions to adapt to a wide variety of customer requirements.

Our core competitive advantage lies in our capability to provide integrated, customized solutions to customers in different industry verticals. This includes from pre-sales (including initial consultation and conceptual development) to solution design, manufacturing and implementation, and finally, system launch and after-sales services. The following chart illustrates our system integration workflow:



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- **Pre-sales.** During the pre-sales phase, we conduct initial consultation and conceptual development. A professional team composed of industry experts and technical consultants conducts an in-depth analysis of the customer's needs, business models and data, production processes and other factors to accurately identify their requirements. The pre-sales phase typically spans one to three months.
- **Solution design.** In the solution design phase, we plan and design the intralogistics system, including both software architecture and equipment selection and layout. We utilize professional tools and engage third-party partners to perform simulation analyses to validate system efficiency. The solution design phase typically spans one to three months.
- **Manufacturing and implementation.** In the manufacturing and implementation phase, our in-house equipment manufacturing and software development teams work closely with our customer and with equipment suppliers to ensure compatibility between equipment and software while meeting the customer's customized needs, improving system efficiency and lowering execution risks. Individual pieces of intralogistics equipment are systematically integrated to form a complete system. For on-site implementation, installation, and commissioning, we rely on our experienced engineering team and strong project management capabilities to ensure high-quality execution, reduced delivery timelines, and effective risk control. The manufacturing and implementation phase typically spans four to six months, with manufacturing generally accounting for 70 days and on-site implementation for 90 days.
- **System launch.** Prior to final delivery to the customer, we provide operational training and technical support to ensure smooth system launch and strengthen the customer's ability to operate the system independently. Upon completion of training and system readiness checks, the system is formally launched for customer use. After system launch, the customer typically undergoes a trial production period, during which production is ramped up for capacity validation and process optimization. Following this process, we typically receive formal customer acceptance. The combined period of operational training, technical support and trial production, leading up to eventual formal customer acceptance, typically lasts around eight to ten months. Our warranty periods begin upon formal customer acceptance, typically lasting one year.
- **After-sales service.** We offer comprehensive after-sales services through a dedicated support team that provides regular maintenance, spare parts and repairs, and technical upgrades and modifications. Follow-up visits are scheduled with the aim of continuously improving service quality.

## SALES AND MARKETING

As of December 31, 2025, we have a dedicated team responsible for our sales and marketing activities, comprising 40 team members, including 31 sales personnel and 9 in marketing promotion and sales management support roles. Our solution developers comprise personnel who specialize in intralogistics planning with over 15 years of relevant experience. They are responsible for customizing solution design to better cater to customer needs. Our sales personnel are organized by enterprise, with dedicated sales representatives assigned to strategic customers, who are generally leading players in their respective industries. Our sales and marketing activities are primarily conducted through business development with our existing customers and promotional activities at industry expos. We would also obtain business opportunities through referrals from existing customers and suppliers. We actively seek to enhance our sales and marketing team by attracting senior sales management talent from the industry. We prioritize customer needs in our sales and marketing strategies and achieve market penetration through pinpointed sales efforts.

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### Pricing Policy and Tenders

Our smart intralogistics solution projects are acquired by way of tender. When tendering for projects, we determine pricing based on project scope, customer requirements, solution complexity, projected costs and market competition. We charge fees by milestones as per the project contracts: 30% upon contract signing, 30% after onsite installation, 30% post-inspection and acceptance, and retain 10% as a warranty deposit, released at the end of the warranty period.

To secure projects of strategic importance with key customers, including during tendering processes, we sometimes adjust our pricing to enhance competitiveness, which may involve a reduction in our expected gross profit margin.

The following table sets forth certain information on our tenders during the Track Record Period:

	Year ended December 31,		
	2023	2024	2025
Number of tenders submitted <sup>(1)</sup> . . . . .	90	128	112
Number of projects awarded by tender . . .	22	35	43
Tender success rate . . . . .	24.4%	27.3%	38.4%

(1) Refers to the total number of submissions comprising technical proposals and quotations formally provided to potential customers during the relevant period.

Our tender success rate increased from 24.4% in 2023 to 38.4% in 2025. In 2025, we increased our bidding activities for projects related to new energy industry. Due to our capability to deliver comprehensive customized solutions and established position in smart intralogistics solutions for the new energy industry. We have successfully secured many new contracts, thereby increasing our overall tender success rate.

We have approximately ten major competitors in the PRC smart intralogistics solutions market, and many projects now attract multiple qualified bidders. In this context, a tender success rate of 38.4% for 2025 reflect our continued competitiveness and ability to win projects.

### OUR CUSTOMERS

#### Our Major Customers

In each year during the Track Record Period, revenue generated from our top five customers accounted for 74.9%, 71.4% and 81.2% of our total revenue in 2023, 2024 and 2025 respectively. Revenue generated from our largest customer accounted for 49.2%, 26.3% and 24.9% of our total revenue in the same years, respectively.

Accordingly, we are exposed to the risk of customer concentration. See “Risk Factors — Risks Related to Our Business and Industry — We experienced customer concentration during the Track Record Period and may continue to be exposed to the risk of such concentration in the future” for further details. According to CIC, customer concentration is common in the smart intralogistics solutions industry, including in the smart intralogistics solutions market for new energy lithium-ion battery customers. We were among the first intralogistics solution providers in China to serve the new energy industry, capitalizing on the rapid sector growth driven by China’s carbon peaking and neutrality goals. As a result of early strategic entry, we have developed strong customer relationships with major players in the new energy industry. We also place emphasis on balanced business development. By expanding our product portfolio with customized solutions tailored to different customers needs, our revenue from the largest customer declined from 49.2% of total revenue in 2023 to 24.9% in 2025.

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Below sets forth certain information about our top five customers in each year during the Track Record Period:

### 2025

Rank	Customer	Business Nature	Business Segment	Industry	% of total revenue	Payment/Credit Terms	Payment Method	Relationship since
1 . . .	Company A (a globally leading innovative new energy technology company headquartered in China)	Manufacturer of lithium-ion batteries	Smart intralogistics solutions/ After-sales services	New energy	24.9	30% deposit, 20% payment upon shipment arrival, 30% payment upon acceptance and 20% warranty fulfillment payment	Bank transfer or banks' acceptance bill	2016
2 . . .	SVOLT Energy Technology Co., Ltd. (蜂巢能源科技股份有限公司) <sup>1</sup>	Manufacturer of lithium-ion batteries	Smart intralogistics solutions/ After-sales services	New energy	22.4	30% deposit, 30% payment upon shipment arrival, 30% payment upon acceptance and 10% warranty fulfillment payment	Bank transfer or banks' acceptance bill	2020
3 . . .	Company B (a leading lithium-ion battery firm established in 2001 and listed on the Shenzhen Stock Exchange in 2009)	Manufacturer of lithium-ion batteries	Smart intralogistics solutions/ After-sales services	New energy	15.5	30% deposit, 30% payment before shipment, 30% payment upon acceptance and 10% warranty fulfillment payment	Bank transfer or banks' acceptance bill	2017
4 . . .	Company C (a leader in the global new energy vehicle and battery sectors)	Manufacturer of lithium-ion batteries	Smart intralogistics solutions/ After-sales services	New energy	15.1	0%-30% deposit, 30%-60% payment upon shipment arrival, 30% payment upon acceptance and 10% warranty fulfillment payment	Bank transfer or banks' acceptance bill	2015
5 . . .	Company D (a new energy technology company headquartered in China)	Manufacturer of lithium-ion batteries	Smart intralogistics solutions	New energy	3.3	30% deposit, 30% upon preliminary acceptance, 30% payment upon completion of installation and commissioning and 10% payment after final acceptance	Bank transfer or banks' acceptance bill	2022

(1) As of the Latest Practicable Date, we have entered into agreement for the potential subscription of certain equity interests in SVOLT Energy Technology Co., Ltd. (蜂巢能源科技股份有限公司). For details, see “Waivers from Strict Compliance with Listing Rules and Exemptions from the Companies (Winding Up And Miscellaneous Provisions) Ordinance” — “Waiver In Relation To Post-Track Record Period Acquisition” — “Background Of The Subscription.”

## BUSINESS

2024

Rank	Customer	Business nature	Business segment	Industry	% of our total revenue	Payment/Credit terms	Payment method	Relationship since
1. . . .	Company B	Manufacturer of lithium-ion batteries	Smart intralogistics solutions/ After-sales services	New energy	26.3	30% deposit, 30% payment before shipment, 30% payment upon acceptance and 10% warranty fulfillment payment	Bank transfer or banks' acceptance bill	2017
2. . . .	SVOLT Energy Technology Co., Ltd. (蜂巢能源科技股份有限公司)	Manufacturer of lithium-ion batteries	Smart intralogistics solutions/ After-sales services	New energy	17.5	30% deposit, 30% payment upon shipment arrival, 30% payment upon acceptance and 10% warranty fulfillment payment	Bank transfer or banks' acceptance bill	2020
3. . . .	Company A	Manufacturer of lithium-ion batteries	Smart intralogistics solutions/ After-sales services	New energy	16.2	30% deposit, 20% payment upon shipment arrival, 30% payment upon acceptance and 20% warranty fulfillment payment	Bank transfer or banks' acceptance bill	2016
4. . . .	Company C	Manufacturer of electric vehicles (EVs) and EV batteries	Smart intralogistics solutions/ After-sales services	New energy	5.8	0%-30% deposit, 30%-60% payment upon shipment arrival, 30% payment upon acceptance and 10% warranty fulfillment payment	Bank transfer or banks' acceptance bill	2015
5. . . .	Prinx Chengshan Tire (Thailand) Co., Ltd. (浦林成山輪胎(泰國)有限公司, a subsidiary of Prinx Chengshan (Cayman) Holdings Limited, whose shares are listed on the Stock Exchange)	Manufacturer of tire products	Smart intralogistics solutions	Tires	5.6	30% deposit, 30% payment upon shipment, 10% payment upon shipment arrival, 20% payment upon acceptance and 10% warranty fulfillment payment	Bank transfer	2021

## BUSINESS

2023

Rank	Customer	Business nature	Business segment	Industry	% of our total revenue	Payment/Credit terms	Payment method	Relationship since
1. . . .	Company A	Manufacturer of lithium-ion batteries	Smart intralogistics solutions/ After-sales services	New energy	49.2	30% deposit, 20% payment upon shipment arrival, 30% payment upon acceptance and 20% warranty fulfillment payment	Bank transfer or banks' acceptance bill	2016
2. . . .	REPT Battero Energy Co., Ltd. (瑞浦蘭鈞能源股份有限公司)	Manufacturer of lithium-ion batteries	Smart intralogistics solutions/ After-sales services	New energy	12.5	30% deposit, 30% payment upon shipment arrival, 30% payment upon acceptance and 10% warranty fulfillment payment	Bank transfer or banks' acceptance bill	2021
3. . . .	SVOLT Energy Technology Co., Ltd. (蜂巢能源科技股份有限公司)	Manufacturer of lithium-ion batteries	Smart intralogistics solutions/ After-sales services	New energy	5.8	30% deposit, 30% payment upon shipment arrival, 30% payment upon acceptance and 10% warranty fulfillment payment	Bank transfer or banks' acceptance bill	2020
4. . . .	Company C	Manufacturer of electric vehicles (EVs) and EV batteries	Smart intralogistics solutions/ After-sales services	New energy	4.3	0%-30% deposit, 30%-60% payment upon shipment arrival, 30% payment upon acceptance and 10% warranty fulfillment payment	Bank transfer or banks' acceptance bill	2015
5. . . .	Company B	Manufacturer of lithium-ion batteries	Smart intralogistics solutions/ After-sales services	New energy	3.1	30% deposit, 30% payment before shipment arrival, 30% payment upon acceptance and 10% warranty fulfillment payment	Bank transfer or banks' acceptance bill	2017

To the best knowledge of our Directors, as of the Latest Practicable Date, none of our Directors and their respective associates or any Shareholders holding more than 5% of our issued share capital had any interests in any of our five largest customers in each year during the Track Record Period. During the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors, saved as disclosed in the section headed “— Legal Proceedings and Compliance,” we did not have any material disputes with our customers.

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## BUSINESS

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### General Terms of Contracts with Customers

A summary of the standard terms of our smart intralogistics solution contract is as follows:

- **Contract period.** The contract period typically corresponds to the project delivery timeline, from the date of signing until final project acceptance.
- **Solution specifications.** The solution specifications set out the number and types of intralogistics equipment and software required by the customer, such as the number and type of stacker cranes, safety doors, conveyors, robots, RGVs, work stations and others to be included in the solution.
- **Construction terms and logistics arrangements.** The construction terms include the site where the solution is to be constructed and general protocols regarding the delivery of the intralogistics equipment and raw materials to the site of the construction, as well as laws and regulations to abide by during the construction. Upon completion of equipment manufacturing, we provide advance notice (typically 10 days) before delivery and are responsible for transporting the equipment to the customer's site. We generally bear responsibility for insuring the goods against loss or damage during manufacturing, transport, and delivery, with the final insurance arrangement subject to mutual agreement.
- **Deployment period.** After the completion of the solution, we are required to send our professional technicians to station on site for a specified period (generally one year) to assist the customer with any technical issues that arise.
- **Training.** We are to provide training to our customer following the completion of the solution to familiarize them with the operation of the solution.
- **Warranty.** The warranty terms set out the time after the completion of the solution during which we shall be responsible for providing repairs and compensation for any quality-related issues and losses. The standard warranty period is one year from the date of acceptance, unless otherwise specified in the contract.
- **Penalties in case of breach.** Customer delays in payment and delays by us in delivery are generally subject to daily penalties based on a negotiated percentage of the total contract amount, typically capped at 30%. We may also bear additional costs if we fail to complete commissioning or supply materials as agreed. For delivery delays caused by us, a penalty of 0.4% of the total contract value per calendar day may apply, capped at 20%. If such delays exceed 50 calendar days, the customer may terminate the contract, request a full refund of payments made, and reserve the right to seek further compensation.
- **Payment and credit terms.** Payment shall be made by project milestone. Generally, the milestones are as follows: (i) 30% prepayment before commencement of construction; (ii) 30% payment after delivery; (iii) 30% after customer inspects and accepts the delivery of our solution; and (iv) 10% after the end of the warranty period. We do not typically grant credit terms to our customers.
- **Termination clauses.** Generally, customers may terminate the contract in the event of material breaches by us (including material delays in product delivery), provided that we fail to perform our obligations within a reasonable period after receiving written notice from the customer requesting rectification. We may also terminate the contract if the customer materially breaches the agreement, including failure to make payments as agreed.
- **Return policy.** If the delivered goods do not meet the agreed quantity or quality standards, or if quality defects are discovered during the warranty period, the customer may request repair, replacement, or return of the equipment, or other appropriate remedies.

All contracts for the sale of our smart intralogistics solutions are agreed with customers on a fixed-price basis.

## BUSINESS

### OUR SUPPLIERS

#### Our Major Suppliers

Our suppliers primarily include equipment and components manufacturers, the vast majority of which are located in China. We select our suppliers based on (i) their product and service quality; (ii) our relationship with the supplier; (iii) their technological expertise, qualifications and industry reputation; and (iv) pricing. During the Track Record Period, we collaborated with over 700 third-party suppliers. In each year during the Track Record Period, our top five suppliers collectively accounted for 27.5%, 36.1% and 27.4% of our total purchase in 2023, 2024 and 2025, respectively. For the same years, our single largest supplier accounted for 7.8%, 13.0% and 8.8% of our total purchase, respectively.

Below sets forth certain information about our top five suppliers in each year during the Track Record Period:

#### 2025

Rank	Supplier	Business nature	Products/services purchased	% of our total purchase	Payment/Credit terms	Relationship since
1. . . .	Jiangsu Huayi Zhongheng Metal Technology Development Co., Ltd. (江蘇華益中亨金屬科技發展有限公司)	Manufacturer of automated warehousing and intralogistics systems and equipment	Racking systems, drip trays, etc.	8.8	30% deposit, 30% payment upon shipment arrival, 30% payment upon acceptance and 10% warranty fulfillment payment	2017
2. . . .	Guangdong Handsome Intelligent Equipment Co., Ltd. (廣東恒鑫智能裝備股份有限公司)	Manufacturer of intelligent integrated equipment	Conveyor system	6.9	30% deposit, 30% payment upon shipment arrival, 30% payment upon acceptance and 10% warranty fulfillment payment	2022
3. . . .	Company E and its related party	Manufacturer of automated warehousing and intralogistics systems and equipment	Conveyor system	4.8	30% deposit, 30% payment upon shipment arrival, 30% payment upon acceptance and 10% warranty fulfillment payment	2016
4. . . .	Wuxi Changjiang Electrical Material Co., Ltd. (無錫市長江電器材料有限公司)	Manufacturer of electrical materials and equipment	Fireproof panels (for new energy solutions)	3.6	30% deposit, 30% payment upon shipment arrival, 30% payment upon acceptance and 10% warranty fulfillment payment	2018
5. . . .	Guangdong Deyouxin Logistics System Equipment Co., Ltd. (廣東得友鑫物流系統設備有限公司)	Manufacturer of automated warehousing and intralogistics systems and equipment	Racking systems	3.3	30% deposit, 30% payment upon shipment arrival, 30% payment upon acceptance and 10% warranty fulfillment payment	2021

## BUSINESS

### 2024

Rank	Supplier	Business nature	Products/services purchased	% of our total purchase	Payment/Credit terms	Relationship since
1. . . .	Jiangsu Huayi Zhongheng Metal Technology Development Co., Ltd. (江蘇華益中亨金屬科技發展有限公司)	Manufacturer of automated warehousing and intralogistics systems and equipment	Racking systems	13.0	30% deposit, 30% payment upon shipment arrival, 30% payment upon acceptance and 10% warranty fulfillment payment	2017
2. . . .	Dongguan Zhongtian Automation Technology Co., Ltd. (東莞市中天自動化科技有限公司)	Manufacturer of automated assembly lines for lithium-ion batteries and 3C consumer electronics	Six-axis robots	7.5	30%-40% deposit, 20%-30% payment upon shipment arrival, 30% payment upon acceptance and 10% warranty fulfillment payment	2018
3. . . .	Guangdong Deyouxin Logistics System Equipment Co., Ltd. (廣東得友鑫物流系統設備有限公司)	Manufacturer of automated warehousing and intralogistics systems and equipment	Racking systems	5.7	30% deposit, 30% payment upon shipment arrival, 30% payment upon acceptance and 10% warranty fulfillment payment	2021
4. . . .	Rongzhi Industrial Intelligent Technology (Kunshan) Co., Ltd. (榮智工企智能技術(昆山)有限公司)	Technology company focusing on the development of robotic process automation and the application of AI technology within enterprises	Conveyor systems	5.4	20%-30% deposit, 30% payment upon shipment arrival, 30%-40% payment upon acceptance and 10% warranty fulfillment payment	2021
5. . . .	Wuxi Changjiang Electrical Material Co., Ltd. (無錫市長江電器材料有限公司)	Manufacturer of electrical materials and equipment	Fireproof panels (for new energy solutions)	4.5	30% deposit, 30% payment upon shipment arrival, 30% payment upon acceptance and 10% warranty fulfillment payment	2018

### 2023

Rank	Supplier	Business nature	Products/services purchased	% of our total purchase	Payment/Credit terms	Relationship since
1. . . .	Company F	Manufacturer of industrial automation equipment	Conveyor lines	7.8	30% deposit, 30% payment upon shipment arrival, 30% payment upon acceptance and 10% warranty fulfillment payment	2017
2. . . .	Jiangsu Huayi Zhongheng Metal Technology Development Co., Ltd. (江蘇華益中亨金屬科技發展有限公司)	Manufacturer of automated warehousing and intralogistics systems and equipment	Racking systems	5.6	30% deposit, 30% payment upon shipment arrival, 30% payment upon acceptance and 10% warranty fulfillment payment	2017

## BUSINESS

Rank	Supplier	Business nature	Products/services purchased	% of our total purchase	Payment/Credit terms	Relationship since
3. . . .	Company G and its related party	Manufacturer of smart intralogistics equipment	Conveyor systems	5.2	30% deposit, 30% payment upon shipment arrival, 30% payment upon acceptance and 10% warranty fulfillment payment	2022
4. . . .	Zhejiang Ruige Logistics Technology Co., Ltd. (浙江銳格物流科技股份有限公司)	Manufacturer of smart intralogistics equipment	Conveyor systems	4.6	30% deposit, 30% payment upon shipment arrival, 30% payment upon acceptance and 10% warranty fulfillment payment	2017
5. . . .	Zhejiang Yunchang Intelligent Equipment Co., Ltd. (浙江運暢智能裝備股份有限公司)	Manufacturer of smart intralogistics equipment	Conveyor systems	4.3	30% deposit, 30% payment upon shipment arrival, 30% payment upon acceptance and 10% warranty fulfillment payment	2022

To the best knowledge of our Directors, as of the Latest Practicable Date, none of our Directors and their respective associates or any Shareholders holding more than 5% of our issued share capital had any interests in any of our five largest suppliers in each year during the Track Record Period. Our Directors confirm that, saved as disclosed in the section headed “— Legal Proceedings and Compliance,” our Group did not experience any material disruption, disputes or delay in relation to supply by our suppliers during the Track Record Period and up to the Latest Practicable Date.

### General Terms of Contracts with Suppliers

A summary of the standard terms of our procurement contract is as follows:

- **Scope.** The contract specifies the design, procurement, manufacturing, packaging, transportation, and on-site implementation (including but not limited to installation, commissioning, training, and on-site support) of the goods procured.
- **Logistics arrangement.** Suppliers are responsible for shipping goods to our designated delivery site. They must provide advance notice and logistics documentation, and may be required to insure goods in transit and during installation. Damage or shortfalls discovered at the time of unpacking are the supplier’s responsibility.
- **Warranty.** The standard warranty period is one year from acceptance. Within this period, the supplier is fully responsible for correcting any defects arising from design, materials, or workmanship at its own cost.
- **Payment and credit terms.** Payments shall be made by contract milestones, such as delivery of goods and acceptance of goods after inspection. We typically adopt standard milestone-based terms with credit periods, where we agree to pay suppliers based on milestones, subject to a fixed credit term (generally ranging from 0 to 180 days). In some cases, to mitigate performance risk under such terms, we may require the supplier to provide a performance bond issued by a financial institution.

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## BUSINESS

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- ***Back-to-Back Payment Terms.*** For large project-based procurements, we typically negotiate Back-to-Back Payment Terms with suppliers, which specify that we shall pay our supplier proportionally upon receiving payment from our own customer for the solution in which we integrated the goods procured. If our customer delays payment to us, we will postpone payment to our supplier correspondingly. The Back-to-Back Payment Terms align our payment obligations to suppliers with our receipts from customers. According to CIC, Back-to-Back Payment Terms are common and in line with industry practice. During the Track Record Period, certain of our procurement contracts incorporating Back-to-Back Payment Terms have been the subject of litigation proceedings, and in some cases the courts have ruled that our payment obligations were due notwithstanding such terms. See “— Legal Proceedings and Compliance — Claims by Conveyor System Supplier” for further details.
- ***Penalties in case of breach.*** Late delivery penalties are typically set at 0.5% of the total contract value per day. If delays exceed 30 days, we may terminate the contract, claim a full refund with interest, and claim damages for losses. Failure to pass acceptance or repeated quality issues may trigger refund, return and termination clauses.
- ***Termination clauses.*** Contracts may be terminated for supplier breach, performance failure, safety violations, or insolvency. Upon termination, suppliers must refund all payments received and may be liable for damages and penalties. We also reserve the right to terminate unilaterally if the supplied equipment fails to meet performance criteria after an agreed test period.
- ***Return Policy.*** If any items fail to meet contractual specifications or quality standards, we may require the supplier to repair, replace, or accept the return of such goods at their own cost. If, after three separate notices to rectify or replace the goods, the supplier still fails to meet the contractual standards, we may return the goods and claim a full refund plus interest, and require the supplier to remove the equipment and restore the site.

## PRODUCT SAFETY AND LIABILITY

We allow customers to return our products in accordance with applicable PRC laws and regulations. See “Regulatory Overview — Laws and Regulations on Product Liability” and “Regulatory Overview — Laws and Regulations on Consumer Protection.”

Order cancellations and product returns are governed by the terms of our customer contracts, which generally include the following:

- ***Product returns.*** If the goods we deliver fail to meet agreed quantity or quality standards, the customer has the right to request remediation, including supplementation, replacement, return of the goods, or other remedial measures. If, upon inspection, the delivered equipment or any equipment modifications do not meet the required acceptance standards, or if quality defects are discovered during the warranty period that were not apparent at the time of acceptance, such equipment will be deemed non-compliant. In such cases, the customer has the right to request replacement, return, or repair of the equipment or components.
- ***Termination.*** Generally, customers may terminate the contract in the event of material breaches by us (including material delays in product delivery), provided that we fail to perform our obligations within a reasonable period after receiving written notice from the customer requesting rectification.

During the Track Record Period and up to the Latest Practicable Date, we did not record any order cancellations or product returns.

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The table below sets forth our project delays for the years indicated:

Year	Year ended December 31,		
	2023	2024	2025
No. of delayed projects <sup>(1)</sup> . . . . .	7	14	13
Aggregate contract value (RMB'000) . . . .	102,015	576,458	563,656
Associated losses (RMB'000) . . . . .	–	430	36,485

(1) Defined as smart intralogistics solution projects which passed customer acceptance during the relevant year, such acceptance occurring at least three months later than originally estimated at project commencement.

We recorded 7, 14 and 13 delayed projects in 2023, 2024 and 2025, respectively. Project delays may result in us incurring further project delivery costs or contractual penalty costs, causing associated losses. The lack of apparent correlation between number of delayed projects and associated losses is because, in the vast majority of cases, such costs were not incurred. See “Our Business Model — Backlog and Project Performance” for further details regarding our management of loss-making and delayed projects.

In 2024, a customer initiated litigation regarding an intralogistics solution where equipment performance was impacted by unexpected ground subsidence at their facility. The matter was resolved in February 2025 through a settlement agreement under which: (i) we will complete warranty modifications with an estimated total cost of RMB1.0 million, and (ii) the customer will contribute RMB500,000 toward these remodeling costs. Save for this isolated case, we have not been subject to any material product recalls, customer complaints and/or disputes and product liability claims due to quality and safety issues during the Track Record Period.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, there were no material accidents or injuries caused by or related to the production or implementation of our solutions and equipment.

### RESEARCH AND DEVELOPMENT

We attach great importance to research and development of new products to enhance our offerings. Our research and development efforts primarily focus on the upgrades of our existing products and development of new products that meet a wider range of smart intralogistics needs.

In 2023, 2024, and 2025, our research and development expenses amounted to RMB71.3 million, RMB65.8 million and RMB75.0 million, respectively. As of December 31, 2025, our research and development employees amounted to 172, representing 20.3% of our total number of employees as of the same date. As a reflection of our sustained investment in technologies, we possessed numerous intellectual property rights as of the Latest Practicable Date. For more information, see “— Intellectual Property.”

### DATA PRIVACY AND SECURITY

In our business operations, we engage in certain data-related activities to support the functionality, efficiency, and security of our products. Specifically, we may collect the business contact information of our customers, suppliers, or other third parties, or process other business information that does not contain personal information. For instance, we may access data relating to the development, production, delivery, and functionality of our solutions and intralogistics equipment, including the solutions/products’ conditions, technical specifications, and product-related information for operational and fault analysis purposes.

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We do not collect or access sensitive personal information from customers. During the customer acquisition stages, we collect basic customer contact information through our website, customer service calls, or market events. In the service and after-sales phase, we communicate with customers to understand their service needs and provide support. Similarly, we collect contact information from suppliers, which includes basic contact details.

### **Data Collection, Usage, and Storage Practices**

We collect data from three primary sources: internal business systems, operational activities, and external providers. Internally, enterprise systems including Enterprise Resource Planning (ERP), Customer Relationship Management (CRM), and Office Automation (OA) platforms generate employee records, client information, and operational process data. Business operations such as sales transactions, customer service interactions, and after-sales initiatives yield order details, service records, and survey responses. Externally sourced data includes licensed industry reports, third-party datasets, and publicly available information from government and industry associations.

Collected data falls into three categories: structured data (database-stored employee and client records, financial figures), semi-structured data (XML/JSON formatted logs and configuration files), and unstructured data (text documents, images, and multimedia files including customer correspondence and marketing materials). This data encompasses all operational domains including human resources, financial management, production, and customer relationship management.

Data collection occurs through multiple channels. Digital and physical forms capture employee and customer information during onboarding and service registration. Automated systems record transactional data across business platforms, while API integrations facilitate secure data exchanges with partner systems. Storage solutions are tailored to data type, with relational databases (SQL, Oracle) housing structured information, NoSQL systems managing semi-structured data, and secured file servers archiving unstructured content.

### **Consent Framework**

We obtain explicit consent for all personal data collection. Employee information is collected through signed agreements during recruitment, with clear disclosure of usage purposes. Customer data acquisition occurs through opt-in mechanisms embedded in service agreements and privacy policies, where such opt-ins or continued service use constitute consent in accordance with the foregoing agreements and policies. Accordingly, we have obtained consent from the owners of the data we collect, use and share. Partner data sharing is governed by contractual clauses specifying usage parameters. For third-party datasets, we verify proper licensing and regulatory compliance prior to acquisition.

### **Internal Control and Compliance**

We have established a robust data privacy and security framework to ensure compliance with both local and international standards, protecting the integrity of our systems and the privacy of our customers' data. We employ rigorous data protection protocols that govern the collection, storage, and transmission of data. Looking forward, we remain dedicated to strengthening our data security framework, prioritizing innovation and adaptability in our practices to meet the growing expectations of data protection, particularly in China and in support of our overseas expansion.

We have established internal policies and technical controls to safeguard data usage, storage, and (where applicable) cross-border transmission. These measures are implemented through both administrative rules and IT system controls, and are regularly reviewed to ensure compliance with internal confidentiality requirements and applicable data security standards.

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## BUSINESS

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We have established the Information System Operation and Maintenance Management Policy, the Information System Internal Control Guidelines and the Information Department Management Policy, which set out the following internal control measures:

- **Data usage.** User accounts are uniquely assigned on a per-position basis and sharing of accounts is prohibited. Information and data access rights are defined according to prescribed classifications, and users may only read or use data in line with the permissions of their accounts. We periodically review all system accounts to prevent inappropriate authorisations or unauthorised accounts. When handling customer information, employees must apply security measures including encrypted storage, encrypted transmission and screen protection. Prior to using customer information, employees are required to complete a Customer Information Usage Application Form stating the purpose, scope and duration of use, which must be reviewed by the department head and approved by the head of the Information Department. We maintain detailed records of all customer information usage, including usage time, personnel, purpose, content, and the source and destination of the information, and our Information Department periodically inspects these records.
- **Data storage.** Our core databases are automatically backed up daily, with backup media (including disks and portable hard drives) stored offsite in multiple formats. Backup media are dated, labelled, and kept by designated personnel in specialised facilities with fireproofing, moisture-proofing and anti-theft protection. We regularly conduct disaster recovery tests to ensure data can be restored promptly. All data handovers are logged to ensure traceability. The IT department also backs up system logs daily and periodically verifies the integrity of backups. We have established confidentiality protocols for computer management, which include: storing documents of different security levels on separate computers, password- or passphrase-protecting access to files, and encrypting files and data. For confidentiality purposes, passwords and other protection measures are changed regularly or from time to time.
- **Data transmission.** Information output and external distribution are subject to graded control. We set permissions such as viewing, exporting and printing rights to restrict dissemination. Any external transmission of files must be approved by senior management and encrypted using professional encryption software, with decryption rights strictly limited. Confidential or critical data must be encrypted before transmission over networks. It is strictly prohibited to transmit such data through unsecured channels such as external email or instant messaging tools, or to process sensitive customer information on devices connected to external networks.

### Compliance with Regulations

As advised by our PRC Legal Advisors, we had complied with the relevant data privacy, cybersecurity and cross-border data regulations in the PRC in all material aspects during the Track Record Period and up to the Latest Practicable Date, on the following basis:

- **Data privacy.** Under the PRC Civil Code and the PRC Personal Information Protection Law, the collection and processing of personal information must be lawful, necessary, and limited to the minimum scope, with stricter requirements for sensitive personal information. As confirmed by the Group, its operations involve the processing of personal information: (1) collecting employees' ID numbers and bank account information for payroll and social insurance purposes; (2) storing customers' names, addresses, and phone numbers to provide after-sales services; (3) processing customers' purchase behavior data to analyze preferences and support targeted marketing; (4) transferring employees' performance data to the human resource management system for statistical analysis. The Group has obtained prior consent from the data subjects for the collection and processing of relevant personal information, which primarily includes: (1)

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## BUSINESS

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for employee personal information, the Group informs employees of the purpose, scope, and method of collection through employment application forms and employee handbooks during the recruitment process, and obtains their signed confirmation; (2) for customer information, the Group explains data collection and usage through privacy policies and service agreements when customers register accounts or purchase products/services, with customer consent typically obtained via checkbox confirmation or continued use of services; (3) for partner contact information, consent is obtained through clauses in cooperation agreements that specify the scope and manner of data usage. Additionally, the Group has established a strict user authentication and authorization system, ensuring that only authorized personnel can access and operate relevant data. Based on employees' job responsibilities and business needs, minimal access permissions are assigned to ensure that data can only be accessed and processed by legitimate users within authorized scope.

- **Cybersecurity.** Under the Cybersecurity Review Measures, a cybersecurity review is required for (i) critical information infrastructure operators procuring network products/services, (ii) online platforms whose data processing may affect national security, and (iii) online platforms holding data of over 1 million users that seek overseas listings. The Group has not been notified by the competent authorities that it is a critical information infrastructure operator or an online platform of national security concern, does not hold personal information of over 1 million users, and the [REDACTED] does not constitute a "listing outside PRC." Accordingly, the Group is not required to submit a cybersecurity review.
- **Cross-border data transfer.** Under the Measures on Security Assessment of Cross-Border Data Transfer, data processors shall declare a security assessment for cross-border data transfer under any of the following circumstances: (1) where a data processor provides important data overseas (i.e., data that, if tampered with, destroyed, leaked, or illegally obtained or used, may endanger national security, economic operations, social stability, public health, and safety); (2) where critical information infrastructure operators or data processors processing personal information of over 1 million individuals provide personal information overseas; (3) where data processors that have provided personal information of 100,000 individuals or sensitive personal information of 10,000 individuals overseas cumulatively since January 1 of the previous year provide personal information overseas; (4) other circumstances specified by the national cyberspace administration requiring declaration of a security assessment for cross-border data transfer. The Group is involved in minimal cross-border data transfer or personal information transmission. However, the data involved in the such cross-border transfer of data or personal information does not constitute important data. The Group is not a critical information infrastructure operator or a data processor processing personal information of over 1 million individuals, nor is it a data processor that has provided personal information of 100,000 individuals or sensitive personal information of 10,000 individuals overseas cumulatively since January 1 of the previous year. The Group has also not received any notice from the national cyberspace administration requiring the declaration of a security assessment for cross-border data transfer. Therefore, the Group is not required to declare a security assessment for cross-border data transfer.
- **Credit reports.** According to credit reports issued by the Wuxi Public Credit Information Center dated September 18, 2025 and January 16, 2026, the Company had no record of administrative penalties in the fields of data management or cybersecurity from January 1, 2022 to January 16, 2026.

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## BUSINESS

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### *Overseas*

By default, we do not collect, store, or use data from overseas customers, except in limited circumstances where we have obtained consent in accordance with the framework set forth above.

We have adopted internal data privacy and security measures, including measures in respect of data privacy, cybersecurity and cross-border data transfer, designed to ensure compliance in all jurisdictions in which we operate. During the Track Record Period and up to the Latest Practicable Date, we have not been subject to any litigation, arbitration or material administrative penalties in relation to data privacy, cybersecurity or cross-border data protection in any of the jurisdictions in which we operated. For related risks, see "Risk Factors — Risks Related to our Legal and Regulatory Requirements — Our business is subject to a variety of laws, rules, policies and other obligations regarding data protection domestically and abroad. Any losses or unauthorized access to or unauthorized releases of confidential information and personal data could subject us to significant reputational, financial, legal and operational consequences."

### **INTELLECTUAL PROPERTY**

We consider our patents, trademarks, copyrights, and other intellectual property rights to be critical to our success. We seek to protect our intellectual property and proprietary rights primarily through intellectual property laws, relying on a combination of patent, trademark, copyright, and other intellectual property laws in China. As of December 31, 2025, we had obtained 215 registered patents (including 45 invention patents, 167 utility model patents, and three exterior design patents), 28 registered trademarks, 59 software copyrights, one copyright, and 2 domain names in China.

We proactively manage our intellectual property portfolio to safeguard our innovations and maintain a competitive edge in the market. To protect our intellectual property rights, we have implemented several key measures, including: (i) registering, filing, and applying for ownership of our intellectual properties; (ii) actively tracking registration and authorization statuses and promptly addressing potential conflicts; and (iii) signing agreements with confidentiality clauses with our suppliers and employees.

One of our primary measures is applying for patent protection for our core technologies, which enables us to secure exclusive rights and prevent unauthorized use. By employing these strategies, we effectively manage our intellectual property and foster an environment of innovation within our organization.

During the Track Record Period and as of the Latest Practicable Date, we had not been involved in any material intellectual property infringement claims, nor had we experienced significant infringement of our intellectual property rights by third parties. During the Track Record Period and as of the Latest Practicable Date, we have not been involved in any major intellectual property disputes with third parties.

### **COMPETITION**

We operate in China's sizable and highly competitive smart intralogistics solution market, where leading players with strong hardware-software integration capabilities have established a significant scale advantage. The market size of China's smart intralogistics solution industry reached approximately RMB111.0 billion in 2025, with the top five players collectively accounting for nearly 9% of the total market share. Based on our revenue in China in 2025, we ranked as the fourth largest provider of smart intralogistics solutions in China. Meanwhile, we ranked as the second-largest provider of industrial smart intralogistics solutions and the largest smart intralogistics solution provider in the new energy lithium-ion battery segment in China. The industrial sector accounted for nearly 50% of the total smart intralogistics solution market in China in 2025, while the new energy lithium-ion battery sector accounted for approximately 6%. We face

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potential competition from established market players and agile new entrants as they expand their technological capabilities and product offerings. The fast-paced innovation in the smart intralogistics solution industry offers significant opportunities but requires us to stay aligned with industry trends and customer needs. We believe that our ability to remain competitive depends upon many factors, including, but not limited to, our strong production capabilities, experience and expertise in the provision of solutions for various industries, in particular new energy, customization capabilities, strong partnerships with major customers, experienced management team and sustainable talent incentive system. For a more detailed discussion of the markets in which we operate and the competition we face, see “Industry Overview.”

### EMPLOYEES

As of December 31, 2025, we had 849 full-time employees, primarily located in Wuxi, Jiangsu. The following table sets forth a breakdown of our employees by business function as of December 31, 2025:

	Number of employees	% of total employees
Research and development . . . . .	172	20.3%
Technician . . . . .	358	42.1%
Production staff . . . . .	213	25.1%
Sales and marketing . . . . .	40	4.7%
Administration . . . . .	66	7.8%
<b>Total . . . . .</b>	<b><u>849</u></b>	<b><u>100.0%</u></b>

Our workforce comprises highly trained workers and professionals from various fields and academic backgrounds, many of whom have extensive knowledge and experience in the intralogistics industry. As of December 31, 2025, 37.9% of our employees held a bachelor’s degree or above. We enter into standard employment contracts with our employees.

As required under PRC laws and regulations, we participate in various employee social security plans organized by the applicable local municipal and provincial governments, including housing, pension, medical, maternity, work-related injury, and unemployment benefit plans. We are required under PRC laws to make contributions to employee benefit plans at specified percentages of salaries, bonuses, and certain allowance of our employees, up to a maximum amount specified by the local government.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any strikes or major disputes with our employees.

See “Risk Factors — Risks Related to Our Legal and Regulatory Requirements — Failure to comply with the Labor Contract Law or other PRC labor related regulations and rules may have an adverse impact on our financial conditions and results of operations.”

### INSURANCE

We maintain standard property insurance, employer liability insurance, accident insurance, litigation insurance, and car insurance, though such insurance plans may not cover all potential damage that we may suffer during our business operations. Consistent with customary industry practice in China, we do not maintain business interruption insurance, nor do we maintain key-man life insurance. We believe our insurance policies are consistent with general market practices and comply with applicable regulations in China. See “Risk Factors — Risks Related to Our Business and Industry — Our insurance may not sufficiently cover all losses or potential claims that could affect our business, results of operations, and financial condition.”

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The Group does not maintain insurance coverage for product liabilities. Our risk management of product liabilities relies on contractual risk allocation, and our product liabilities are regulated by the Product Quality Law. According to CIC, our approach is not inconsistent with observable practices among industry peers in the PRC market for smart intralogistics solutions.

### **ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS**

#### **Overview**

We place significant emphasis on the impact and role of Environmental, Social, and Governance (ESG) factors in business operations and have begun integrating ESG considerations into our management processes, with the aim of achieving sustainable development and creating long-term value. To further assess and enhance our ESG performance, we have implemented a series of initiatives, including improving energy efficiency, optimizing resource use, and controlling pollutant emissions.

During the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Advisors, we have not faced any significant claims, penalties, or incidents related to health, production safety, or environmental protection, and we have complied with all relevant PRC laws and regulations in all material respects.

#### **Corporate Governance**

##### *ESG Governance*

We have established a comprehensive ESG governance framework and developed an ESG management system that integrates ESG principles into our business strategies and daily operations through (i) board oversight, (ii) management advocacy, and (iii) establishment of an ESG working group. Our Board is responsible for identifying and assessing the sustainability-related impacts, risks, and opportunities we face. It reviews and decides on ESG strategic goals, plans, and major issues, regularly checks the progress of ESG-related objectives, and fully supervises ESG matters, ensuring their effectiveness. Our Board has established a Strategy and Sustainability Committee to guide and manage ESG efforts, including determining significant ESG matters for operational consideration, formulating ESG strategies, evaluating performance indicators, and promoting actions that align with operational goals to ensure consistency with our strategy. Our ESG working group, composed of personnel from relevant departments, handles the daily execution of ESG tasks, including creating specific ESG action plans and regularly reviewing and reporting ESG targets, ensuring comprehensive, systematic, and effective ESG governance.

The members of the Board, the Strategy and Sustainability Committee, and the ESG working group possess extensive professional knowledge and practical experience, enabling them to effectively drive the implementation of ESG initiatives and address various ESG risks. We actively adopt quantitative metrics to measure the effectiveness of our ESG management strategies and are gradually incorporating relevant ESG quantitative metrics into our performance evaluation framework. Additionally, we plan to implement ESG training programs to enhance the understanding of ESG among the Board of Directors and employees; we intend to launch ESG management improvement initiatives to continuously enhance the Company's ESG governance standards and sustainable development capabilities.

##### *ESG Risk and Opportunity Management*

Our Board acts as the decision-making body for risk management, responsible for approving the overall risk level, sanctioning major risk response plans, monitoring and evaluating the effectiveness of risk management, and fully understanding significant risks to keep them at an acceptable level. Our Audit Committee is tasked with reviewing the effectiveness of comprehensive risk (including ESG-related risk) identification, assessment, management, and monitoring

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procedures. We emphasize building a robust risk management system, continuously refining the materiality assessment process, and regularly identifying, analyzing, and evaluating risks (including ESG-related risks) in our business activities. We promptly adjust risk management policies and responses, integrating significant ESG risks and opportunities into business processes to enhance our resilience and sustainable development capabilities.

Our major ESG risks and opportunities include addressing climate change (both physical and transition risks), research and innovation, product quality and safety, supply chain management, business ethics and anti-corruption, and information security and privacy protection. We conduct regular internal audits and inspections and organize employee risk management training to ensure effective ESG risk control while seeking growth and transformation opportunities.

### ***Board Diversity***

We recognize that having a diverse board improves the quality and effectiveness of board decisions. It is also important for achieving our strategic goals and sustainable development. When nominating Board members, we follow a thorough selection process, considering diversity among candidates. We evaluate candidates based on their cultural and educational backgrounds, professional experience, skills, gender, age, and business perspectives. Our goal is to ensure the Board has a good mix of talents, skills, experiences, and backgrounds to enhance corporate governance and decision-making. Currently, our Board has nine members, including three independent Directors and three female Directors.

### ***Business Ethics and Anti-Corruption***

We have a compliance management system with anti-corruption measures and an employee handbook. To detect misconduct, we offer multiple feedback channels: hotline, email, letters, or face-to-face. Reports are strictly investigated, results documented, and management informed. We ensure whistleblower protection by keeping their details confidential and not disclosing their identity without consent.

### **Environmental Protection**

#### ***Environmental Compliance and Certification***

We have adopted strict environmental standards, standardized operations, and established long-term protection mechanisms. Regular emergency drills assess department coordination and improve employee knowledge. We refine our response plans to enhance business quality and performance. Our Company is ISO 14001 certified.

#### ***Addressing Climate Change***

We actively address the risks and opportunities posed by climate change. Our Board reviews assessments of ESG-related risks and opportunities, including climate change, and evaluates climate-related plans, targets, and responses while supervising their implementation. They also review the effectiveness of climate risk management and internal control systems. The safety and environmental department is responsible for implementing climate-related actions, continually improving our ability to identify, assess, manage, and disclose climate risks and opportunities.

We are integrating climate risk management into our overall risk management system, gradually establishing comprehensive climate risk management processes. This involves systematically identifying and assessing climate risks and opportunities, developing strategies to address climate change, and continuously enhancing our climate resilience.

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Further, we have set the following quantitative environmental target:

- **Greenhouse gas emission intensity (Scope 1 and Scope 2):** reduce by 10% by 2030 compared with 2024 levels.

This target is based on our assessment of current production processes, anticipated efficiency gains from planned technology upgrades, and alignment with ISO 50001:2018 energy management standards. The target is considered achievable through the following pathways:

1. **Process and equipment improvement.** We will conduct comprehensive energy efficiency diagnostics, optimise process parameters, and upgrade production equipment to reduce energy consumption.
2. **Strengthening energy management.** We will continue to implement energy management systems under ISO 50001:2018, including our *Energy Management Manual, Energy Objectives, Indicators and Implementation Control Procedures*, and *Energy Review Control Procedures*. We will also explore on-site solar photovoltaic generation to diversify and green our energy mix.
3. **Promoting green office culture.** We will cultivate a company-wide low-carbon culture by embedding reduction goals into daily employee practices and promoting resource efficiency across office operations.

By combining these operational improvements, management systems and cultural initiatives, we believe the 10% reduction target is reasonable and achievable within the timeframe.

### **Energy Management**

We comply with the Energy Conservation Law of China and related policies, implementing an ISO 50001:2018-based energy management system. Our internal processes include the Energy Management Manual, Energy Objectives, and Control Procedures. By using new technologies and materials, we enhance energy efficiency and resource utilization. We are committed to increasing the proportion of clean energy usage, with a target of 25% by 2030. To achieve this, we plan to install a distributed photovoltaic power system with an estimated total installed capacity of approximately 0.63 MWp by utilizing rooftop areas and idle spaces of our production facilities. The project will adopt a 'self-generation for self-consumption with surplus power fed into the grid' model, where generated electricity will prioritize production needs, and any excess will be integrated into the public power grid.

Below sets forth our energy management indicators:

Indicator	Unit	2023	2024	2025
Electricity Consumption . . . .	10,000 kWh	50.42	74.75	103.48
Total Energy Consumption . .	Tons of standard coal	61.97	91.87	127.17
Energy Consumption Intensity . . . . .	Tons of standard coal per million RMB of revenue	0.04	0.05	0.07
Direct Greenhouse Gas Emissions (Scope 1) . . . . .	Tons of CO <sub>2</sub> equivalent	–	–	–
Indirect Greenhouse Gas Emissions (Scope 2) . . . . .	Tons of CO <sub>2</sub> equivalent	301.41	446.86	618.5 9
Indirect greenhouse gasemissions (Scope 3) . . . . .	Tons of CO <sub>2</sub> equivalent	–	346.97	312.72

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Indicator	Unit	2023	2024	2025
Total Greenhouse Gas Emissions Scope 1 & Scope 2 . . . . .	Tons of CO <sub>2</sub> equivalent	301.41	446.86	618.59
Greenhouse Gas Emission Intensity Scope 1 & Scope 2 . . . . .	Tons of CO <sub>2</sub> per million RMB of revenue	0.18	0.25	0.33

(1) Greenhouse Gas Emissions are calculated using electricity carbon emission factors, which are based on the “Announcement on the 2022 Electricity CO<sub>2</sub> Emission Factors” (Announcement No. 33 of 2024) jointly issued by the Ministry of Ecology and Environment and the National Bureau of Statistics, using the Jiangsu Province factor of 0.5978 kg CO<sub>2</sub>/kWh.

The increase of Electricity Consumption in 2024 stems primarily from newly installed production equipment — including machining centers, CNC systems, laser cutters, and gantry welders — enabling in-house manufacturing of previously outsourced components (laser-cut parts, safety fencing, reels, and shaft assemblies). In 2025, our production facilities and processes remained substantially unchanged. The increase in electricity consumption was primarily driven by a rise in order volume, the revenue from which has not yet been fully recognized in 2025. Consequently, this resulted in a temporary impact on our energy consumption intensity.

Our Scope 3 greenhouse gas emissions originate primarily from Business travel, which have been systematically recorded following the establishment of a digital management platform in 2024. Regarding other indirect emission categories that require collaboration across the value chain, we are strengthening data integration with upstream and downstream partners and will progressively expand our disclosure scope as data maturity improves.

### *Water Resource Management*

We place great importance on the management and efficient use of water resources, strictly adhering to the Water Law of China and related regulations. We establish clear water usage plans and strive to conserve water resources in both production and daily life, thereby reducing consumption. The water resources used in our production and operations are primarily sourced from municipal supplies, having no significant environmental impact in terms of water sourcing. We have set a water intensity target to achieve a 5% reduction by 2030 compared to the 2024 level. To this end, we will identify abnormal fluctuations in water usage through periodic data collection to eliminate potential water wastage. Meanwhile, the Company is reducing the procurement of bottled and barreled water by utilizing water purification equipment, and continues to conduct water conservation advocacy to enhance the awareness of all employees. Below sets forth our water resource management indicators:

Indicator	Unit	2023	2024	2025
Total Water Usage . . . . .	Tons	15,598	12,381	13,268
Water Usage Intensity . . . . .	Tons per million RMB of revenue	9.15	6.89	7.02

The elevated 2022 water consumption resulted primarily from pipeline leakage, which was rectified to restore normal operational usage levels. Furthermore, the closure of employee dormitories in July 2023 contributed to sustained reductions in both the current and subsequent years’ water consumption.

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### *Emission and Waste Management*

We comply with and implement the Water Pollution Prevention and Control Law of China, the Air Pollution Prevention and Control Law of China, the Solid Waste Pollution Prevention and Control Law of China, the National Catalogue of Hazardous Wastes, and other laws and regulations. We employ multiple measures to minimize the environmental impact of production and operations.

#### *Wastewater Management*

We have established and strictly enforced the wastewater discharge management system to ensure that the discharge of wastewater pollutants complies with national and local sewage discharge standards, to prevent and reduce water and environmental pollution. All company wastewater is discharged into the municipal domestic sewage system, and no industrial wastewater is generated.

#### *Emissions Management*

We have established and strictly enforced an air emissions management system.

We conduct regular cleaning and maintenance of equipment, and third-party agencies monitor key environmental factors like xylene, particulate matter, and canteen oil fumes. We take multiple measures to ensure compliance with emission standards and continuously improve our practices.

#### *Solid Waste Management*

We have established and strictly enforced the hazardous waste management system and the solid waste management system. We implement life-cycle management for hazardous waste and have established a comprehensive emergency response system. For general solid waste, we adhere to the principles of reduction, recycling, and harmlessness for classified collection and disposal. We also conduct regular environmental protection training to enhance employee awareness of waste classification and resource conservation.

We have set a non-hazardous waste recycling rate target of 25% by 2030. To achieve this, we actively promote digital office procedures by optimizing document management systems and approval workflows, and installing digital displays and electronic work instructions at production facilities to reduce paper usage and printing. Additionally, the Company has established a packaging recycling mechanism for the classified recovery and reuse of materials such as cardboard boxes, paperboards, and wooden crates.

Below sets forth our total emissions and waste in the years indicated:

Indicator	Unit	2023	2024	2025
Emissions . . . . . Particulate Matter (PM)	Tons	0.176	0.064	0.176
	Xylene	0	0	0
	Total Emissions	0.176	0.064	0.176
Waste . . . . . -	Tons	42.55	27.28	33.52

(1) In 2024, we introduced a new paint spray waste gas treatment facility, resulting in a moderate decrease in particulate matter emissions, and the painting workshops were suspended for 3 months, resulting in lower particulate matter emissions throughout the year compared to 2023. In 2025, the particulate matter emissions increased primarily due to the year-round operation of our painting workshop and a rise in order volume. The Company continues to implement compliance monitoring programs and conducts regular maintenance of our dust removal systems to ensure that our environmental performance remains in full compliance with applicable standards.

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- (2) Since 2023, the overall waste generation has shown a downward trend, primarily due to our initiative of reusing suppliers’ packaging boxes for inbound storage, coupled with the reduction in non-hazardous waste following the closure of employee dormitories. The slight increase in the total volume of waste generated in 2025 was mainly due to the fact that the Company replaced the activated carbon in two sets of level 2 activated carbon adsorption waste gas treatment facilities, and has truthfully reported the volume of waste generated to the environmental protection regulatory department, strictly implemented the hazardous waste management plan filing, and followed the hazardous waste reporting and registration system as well as the transfer manifest system, ensuring compliance with the requirements for hazardous waste storage and treatment.

### Comparison with Peers

The table below presents a comparative analysis of key ESG indicators for the Group and three select major listed industry peers in China, based on publicly disclosed 2024 ESG reports.

ESG indicators	The Group	Select major industry peers (range)
Electricity consumption (10,000 kWh) . . . . .	74.75	Up to 189.26
Direct Greenhouse Gas Emissions (Scope 1) (tons CO <sub>2</sub> equivalent) . . . . .	–	36.71 – 94.72
Scope 1 Greenhouse Gas Emission Intensity (tons CO <sub>2</sub> equivalent/million RMB of revenue) . . . . .	–	0.0233 – 0.0400
Indirect Greenhouse Gas Emissions (Scope 2) (tons CO <sub>2</sub> equivalent) . . . . .	446.86	506.97 – 1,015.55
Scope 2 Greenhouse Gas Emission Intensity (tons CO <sub>2</sub> equivalent/million RMB of revenue) . . . . .	0.2486	0.2459 – 0.7049
Indirect Greenhouse Gas Emissions (Scope 3) (tons CO <sub>2</sub> equivalent) . . . . .	346.97	–
Scope 3 Greenhouse Gas Emission Intensity (tons CO <sub>2</sub> equivalent/million RMB of revenue) . . . . .	0.1930	–
Total Water Usage (tons) . . . . .	12,381	9,149 – 60,759
Water Usage Intensity (tons/million RMB of revenue) . . . . .	6.89	4.44 – 43.60
PM (tons) . . . . .	0.064	0.01 – 0.24
PM emission intensity (kg/million RMB of revenue) . . . . .	0.0356	0.01 – 0.05

Key observations:

- **GHG Emissions:** The Group’s emission intensity falls within the range exhibited by its peers.
- **Water Usage:** All four companies demonstrate similar water use intensities. The Group’s intensity falls within the mid-range of these values, representing typical industry performance.
- **Particulate Emissions:** The Group’s emission intensity falls within the range exhibited by its peers.

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### **Social Responsibility**

#### ***Product Liability***

We have established a comprehensive quality management system based on the GB/T 19001-2016/ISO 9001:2015 standards. We place great emphasis on building quality system processes, ensuring standardized management at every stage — from raw material intake and processing to shipping and on-site installation. Both our Company and Wuxi Zhongnuo have successfully passed the ISO 9001 quality management system certification.

#### ***Supply Chain Management***

We follow the Civil Code of China and related laws, conducting procurement activities in adherence to the principles of openness, fairness, and impartiality.

We have formulated the Procurement Management Regulations and the Procurement Risk Management Regulations to regulate the development, evaluation, selection, and exit of suppliers, assessing suppliers’ products and services, business ethics and compliance, environment and occupational health and safety. At the same time, we have set up social responsibility clauses in the Procurement Contract and conduct inspections, training and supervision during the execution of contracts. Furthermore, we maintain a zero-tolerance policy towards supply chain corruption, strictly penalizing acts such as fraud, bribery, and bidrigging, and taking measures such as blacklisting, permanent debarment, or legal action depending on the severity of the case.

#### ***Employee Welfare and Career Development***

We are dedicated to fostering a respectful and inclusive workplace. We ensure fair rights and development opportunities for all, following China’s Labor Law and Labor Contract Law. Our internal management system includes the employee handbook and recruitment management system, outlining recruitment, compensation, working hours, rest, leave, and labor protection policies. We do not employ child labor and thoroughly verify candidates’ identities to meet legal age requirements.

Regarding employee benefits, we have developed a multi-layered protection system. See “— Employees”.

For career development, clear growth paths for employees have been established through the employee development path management plan. Meanwhile, we have established a training system covering all personnel to foster mutual growth between employees and our Company.

#### ***Workplace Safety***

We comply with safety production and labor protection regulations, implementing a safety and environmental management system with annual safety plans.

We have established a comprehensive safety management structure and have obtained ISO 45001 certification.

During the Track Record Period, we did not experience any material non-compliance incidents in relation to occupational health and safety, or any fatalities.

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### OUR PROPERTIES

#### Owned Properties and Land

As of the Latest Practicable Date, we owned four properties located in Wuxi, Jiangsu Province for use as our offices and production facilities, with an aggregate gross floor area of approximately 18,138.2 sq.m. As of the same date, we also have four parcels of land located in Wuxi, Jiangsu with an aggregate site area of approximately 19,408.0 sq.m. Our PRC Legal Advisors confirm that we have valid legal title to occupy and use our owned properties and land.

As of the Latest Practicable Date, none of the properties in which we have an interest had a carrying amount of 15% or more of our consolidated total assets. Therefore, according to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Cap. 32L of the Laws of Hong Kong), this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance which requires a valuation report with respect to all our Group’s interests in land or buildings.

#### *Matters relating to Wuxi Senheda*

On June 5, 2024, the Wuxi Municipal Bureau of Natural Resources and Planning (無錫市自然資源和規劃局) (the “**Wuxi NRPB**”) and Wuxi Senheda entered into the “Contract for the transfer of state-owned land use rights” (國有建設用地使用權出讓合同) (the “**Land Use Contract**”), whereby Wuxi NRPB granted Wuxi Senheda the land use right for a parcel of land located in the Huishan district for a total consideration of RMB28.3 million. Pursuant to the terms of the Land Use Contract, it was agreed that construction of the project must commence before December 17, 2024, and construction must be completed by December 17, 2026. If construction cannot be commenced according to schedule, Wuxi Senheda should submit a deferral application to Wuxi NRPB for approval. If Wuxi Senheda fails to commence construction by the date specified in the Land Use Contract or any subsequently agreed deferral date, it shall pay Wuxi NRPB a penalty equivalent to 0.5% of the total consideration for each day of delay.

On June 24, 2025, the Company, as transferor, and Wuxi Huixi High-Tech Industrial Development Co., Ltd (無錫惠西高新技術產業發展有限公司) (“**Wuxi Huixi**”), as transferee, entered into an equity transfer agreement (“**the Agreement**”) concerning Wuxi Senheda. Closing of the transaction occurred on June 27, 2025. As of June 27, 2025, Wuxi Senheda had audited net assets of approximately RMB30.3 million, and the total consideration under the Agreement is RMB28.2 million. As a result, we recorded a loss of approximately RMB2.1 million on the disposal of Wuxi Senheda. The Agreement was executed with an indemnification provision whereby if Wuxi Senheda incurs liability due to incomplete performance of contractual obligations or undisclosed debts before the closing date, the transferee may demand the transferor to cover all costs and losses arising from such liability to Wuxi Senheda. As of June 27, 2025, being the closing date of the Agreement, Wuxi Senheda had not commenced construction of the project nor submitted a deferral application to Wuxi NRPB in accordance with the terms of the Land Use Contract. From December 17, 2024, being the date when Wuxi Senheda became obliged to either commence construction or submit a deferral application (with one month notice), to June 24, 2025, the date of the Agreement, the Company was evaluating strategic options for the land parcel, including a possible disposal of Wuxi Senheda, and therefore did not submit an application to Wuxi NRPB. During this period, Wuxi Senheda did not receive notification from Wuxi NRPB to submit a deferral application, nor did Wuxi Senheda receive notification of any penalties or other enforcement actions in connection with the delay in construction. As advised by our PRC Legal Advisors, based on the PRC Company Law and the Agreement, the disposal of Wuxi Senheda did not require approval from Wuxi NRPB. Further, our PRC Legal Advisors have advised that the likelihood of the competent authorities recovering the land from Wuxi Senheda or imposing penalties on Wuxi Senheda, and consequently the likelihood of Wuxi Huixi demanding that we compensate Wuxi Senheda for the aforementioned

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breach of contract liabilities, is relatively remote. This is because (1) as of the Latest Practicable Date, we have not received any notice from Wuxi Huixi or Wuxi Senheda indicating that Wuxi Senheda has suffered any claims or demands from NRPB in connection with the construction delay; (2) furthermore, we have not received any notice from Wuxi Huixi or Wuxi Senheda demanding that we bear compensation liability in accordance with the Agreement, nor are we involved in any existing disputes or conflicts in respect of the Agreement; and (3) according to a written confirmation issued on June 23, 2025 by the Wuxi Luoshe Management Office of Wuxi NRPB ("**Wuxi Luoshe Management Office**"), a dispatched agency (派出機構) of the Wuxi NRPB responsible for implementing the policies on land use control and post-approval supervision of land development and utilization, in principle, the Wuxi Luoshe Management Office will not impose penalties on Wuxi Senheda for the construction delay. According to and as of the date of the written confirmation, Wuxi Luoshe Management Office has not recovered the land or imposed any penalties on Wuxi Senheda due to the delay of construction.

### **Leased Properties**

As of December 31, 2025, we leased and occupied 38 properties in Wuxi, Shanghai, and Suzhou, including three leased properties used as offices and production facilities and the remaining 35 leased properties as workers' dormitories, with an aggregate gross floor area of approximately 14,815.0 sq.m.

We did not experience material difficulties in entering to leases or negotiating renewal of our leases with our landlords during the Track Record Period and up to the Latest Practicable Date.

### ***Title Defects***

11 of the 38 properties we leased and occupied as of December 31, 2025, each used as our workers' dormitories, have title defects (including compliance issues) as of the Latest Practicable Date. Such defects are due to various reasons, including:

- (a) four leased properties, with an aggregate floor area of approximately 357.4 sq.m., the landlords of which had not completed the procedures required to obtain their property ownership certificates.
- (b) five leased properties, with an aggregate floor area of approximately 439.59 sq.m. are built upon government-allocated land (劃撥土地).
- (c) two leased properties used as our workers' dormitories, with an aggregate floor area of approximately 90.0 sq.m. are non-compliant with designated land use purpose.

Based on the fact that (i) the foregoing 11 leased properties for our dormitories can be easily replaced, (ii) the undertakings of our landlords to indemnify us against any losses due to our inability to use and occupy the properties and (iii) the undertaking of Noblelift Company to indemnify us against all claims, losses, costs and expenses, liabilities and penalties arising from title defects, our PRC Legal Advisors are of the opinion that the title defects of the foregoing eleven leased properties will not have any material adverse effects on our business operations.

During the Track Record Period and up to the Latest Practicable Date, we had not been penalized by any government authority over safety conditions in respect of our leased properties with defective titles. Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, there have been no material incidents to our knowledge that would raise questions as to the safety conditions of the leased properties we occupied with defective titles. Based on the above, our Directors are of the view that such properties are safe for occupation.

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### *Lease Registration and Filing*

Pursuant to the applicable PRC laws and regulations, property lease agreements must be registered with the local branch of the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部). The registration of such leases will require the cooperation of our lessors. Of the 38 properties we leased and occupied as of December 31, 2025, we had not obtained lease registration for 21 properties used as workers' dormitories as of the Latest Practicable Date.

As advised by our PRC Legal Advisors, the lack of the abovementioned registration of the lease agreements will not affect the validity of such lease agreements, according to applicable PRC laws and regulations as of the Latest Practicable Date. According to the relevant PRC laws and regulations, in addition to our lessors, we may also be ordered by the relevant government authorities to register the relevant lease agreements within a prescribed period, failing which we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease. As of the Latest Practicable Date, we had not received any such fine from the relevant government authorities. We undertake to cooperate fully to facilitate the registration of lease agreements once we receive any requirements from relevant government authorities.

### **LICENSES, PERMITS AND CERTIFICATES**

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we have obtained all the licenses, approvals, permits, and certificates that are material and necessary for our business and operations in the jurisdictions where we operate, and such licenses, approvals, permits, and certificates are valid and subsisting as of the Latest Practicable Date.

The table below sets forth a summary of the material licenses, approvals, permits, and certificates that we have obtained for our business operations as of the Latest Practicable Date:

<u>Holder</u>	<u>License, approval, permit, or certificate</u>	<u>Date of grant</u>	<u>Date of expiry</u>
Issuer . . . . .	Safety Production Permit (Permitted Scope: Construction Works)	2025.9.4	2028.11.6
Issuer . . . . .	Construction Enterprise Qualification Certificate (Level 2 for Mechanical and Electrical Engineering)	2025.5.21	2030.5.20
Issuer . . . . .	Information Technology Service Standards Compliance Certificate	2025.5.13	2028.4.17
Issuer . . . . .	Information System Construction and Service Capability Certificate	2023.10.2	2027.10.1
Issuer . . . . .	CMMI Development Maturity Level 3	Until 2028.11.14	
Issuer . . . . .	Environmental Management System Certification Certificate	2025.5.22	2028.6.4
Issuer . . . . .	Quality Management System Certification Certificate	2025.5.22	2028.6.4
Issuer . . . . .	Occupational Health and Safety Management System Certification Certificate	2025.5.22	2028.6.4
Issuer . . . . .	Information Technology Service Management System Certification Certificate	2023.11.16	2026.12.5
Issuer . . . . .	Information Security Management System Certification Certificate	2023.11.16	2026.12.5

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Holder	License, approval, permit, or certificate	Date of grant	Date of expiry
Issuer . . . . .	Integration of Informatization and Industrialization Management System Evaluation Certificate	2023.9.1	2026.8.31
Issuer . . . . .	High-Tech Enterprise Certificate	2025.12.19	2028.12.18
Issuer . . . . .	Customs Registration Certificate for Import and Export Cargo Consignee	Until 2099.12.31	
Issuer . . . . .	Fixed Pollution Source Emission Registration Receipt	2026.4.22	2031.4.21
Issuer . . . . .	Fixed Pollution Source Emission Registration Receipt	2026.4.22	2031.4.21
Issuer . . . . .	China Manufacturing Maturity Model Certificate	2025.12.31	2028.12.30
Issuer . . . . .	Intellectual Property Management System Certification Certificate	2026.4.14	2029.3.12

### RISK MANAGEMENT AND INTERNAL CONTROL

We are exposed to various risks during our operations. We have established risk management systems with relevant policies and procedures that we believe are appropriate for our business operations. Our policies and procedures relate to managing our procurement and production, as well as monitoring our sales performance and product quality. To monitor the ongoing implementation of our risk management policies and corporate governance measures after the [REDACTED], we have adopted, or will continue to adopt, various measures and policies across multiple areas of our business, such as financial reporting and disclosure of interests, regulatory compliance, competition with Controlling Shareholder, sales and supplier management, among other things.

In preparation for the [REDACTED], we have engaged an internal control consultant to review the effectiveness of our internal controls associated with our major business processes, identify deficiencies and areas for improvement, provide recommendations and review the implementation status of these remedial actions. To ensure the above compliance culture is embedded into everyday workflow and sets the expectations for individual behavior across the organization, we will regularly review our risk management policies and internal management procedures, adopt strict accountability internally and conduct compliance training. Our Directors are of the view that our enhanced internal controls are adequate and effective for our current operations and in meeting our obligations under the Listing Rules as well as other applicable standards.

### LEGAL PROCEEDINGS AND COMPLIANCE

We are subject to various regulatory requirements and guidelines issued by the regulatory authorities in China. During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material incidents of non-compliance. As advised by our PRC Legal Advisors, we have complied, in all material respects, with all relevant laws and regulations in China during the Track Record Period and up to the Latest Practicable Date.

From time to time, we may become involved in legal proceedings in the ordinary course of our business, including contract disputes with our suppliers and customers.

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### **Pending Litigations**

As of the Latest Practicable Date, we were involved in three pending litigations with claims exceeding RMB1.0 million each:

We filed one claim against a customer for outstanding payments totaling approximately RMB11.5 million for goods delivered, along with overdue payment losses. This customer counterclaimed against us for a refund of contract payments of approximately RMB0.1 million, overdue interest, and a penalty for breach of contract amounting to approximately RMB1.1 million. The court of first instance has issued an order to freeze RMB11.5 million of our bank deposits. In February 2026, the court of first instance ruled that the customer shall pay us RMB7.1 million, plus interest on the overdue amount. The customer appealed. As of the Latest Practicable Date, the case remains pending.

While we intend to pursue a comprehensive defense of the claim, and believe that we have valid defenses, there can be no assurance that a favorable outcome will be obtained. Our PRC Legal Advisors, after reviewing the advice of our special litigation counsel engaged for our defense, are of the view that it is highly unlikely for the court of second instance to rule against the first-instance judgement, and concludes that the proceeding with our customer will not have a material adverse impact on our business, financial condition, or results of operations. On this basis, our Directors are of the view that no provisions are required in relation to the claim.

We filed a second claim against a customer seeking outstanding payments totaling approximately RMB14.6 million for goods delivered, along with overdue payment losses of approximately RMB1.2 million calculated up to June 30, 2025 which shall continue to accrue thereafter at a rate equal to the LPR plus 50% until the outstanding amounts are fully settled. We sought to hold (i) this customer's current sole shareholder and (ii) one of its former shareholders liable on a supplementary basis for any unsatisfied debts. No judgment has been rendered in this dispute as of the Latest Practicable Date.

We were involved in a third pending litigation with a supplier. The supplier filed a claim against us for a sales contract dispute. As of the Latest Practicable Date, the case has been filed but no trial has been held and no judgment has been rendered. The court has issued an order to freeze approximately RMB1.1 million of our bank deposits. As of the date of this document, we have entered into a settlement agreement with the supplier. Pursuant to the settlement agreement, upon our payment of the agreed settlement amount, the supplier will apply to the court to withdraw the lawsuit and lift the freeze on our bank deposits within the time period agreed therein.

As advised by our PRC Legal Advisors, we do not expect the three pending litigations to materially adversely affect our business, financial condition, or results of operations.

### **Concluded Litigations**

#### *Claims related to one certain supplier*

We have nine concluded litigations exceeding RMB1.0 million with one certain supplier. As of December 31, 2025, three of the supplier's claims have been concluded with final judgments, and all required payments under those judgments have been fully settled by us. We also entered into a settlement agreement (the "Settlement Agreement") with the supplier to resolve the remaining outstanding litigations. Pursuant to the Settlement Agreement, we are required to make staged payments upon receipt of invoices: RMB8.9 million by 30 January, 2026, RMB6.8 million by 30 May, 2026, and RMB8.6 million by 30 August, 2026. As of the Latest Practicable Date, we have paid the first instalment of RMB8.9 million of the aforementioned settlement amount. The following is a summary of these litigations:

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- The first is brought by the supplier for payment of unpaid goods totaling approximately RMB3.8 million and overdue payment losses of RMB0.1 million. In April 2025, the court entered a judgment ordering us to pay approximately RMB3.8 million and dismissed other claims from the plaintiff, while rejecting the plaintiff's claim for overdue payment losses. We appealed judgment. The court of second instance rendered a final judgment in September 2025, dismissing the appeal and affirming the first-instance judgment. Pursuant to the final judgment, our Company was ordered to pay the plaintiff RMB3.8 million as payment for goods. Payment has been fully settled.
- The second claim is brought by the supplier for payment of unpaid goods totalling approximately RMB14.0 million and overdue payment losses of RMB0.2 million. In April 2025, the court ordered us to pay for the goods totaling approximately RMB14.0 million and dismissed other claims from the plaintiff, while rejecting the plaintiff's claim for overdue payment losses. We appealed judgment. The court of second instance rendered a final judgment in September 2025, dismissing the appeal and affirming the first-instance judgment. Pursuant to the final judgment, our Company was ordered to pay the plaintiff the amount of RMB14.0 million as payment for goods. Payment has been fully settled.
- The third claim is brought by the supplier for a contract amount of approximately RMB14.4 million. In April 2025, the court ordered us to pay the contract amount of approximately RMB14.4 million, which we appealed. The court of second instance rendered a final judgment in September 2025, dismissing the appeal and affirming the first-instance judgment. Pursuant to the final judgment, our Company was ordered to pay the plaintiff the amount of RMB 14.4 million as payment for goods. Payment has been fully settled.
- The fourth claim is brought by the supplier for a contract amount of approximately RMB2.9 million and overdue payment losses of RMB0.01 million. In September 2025, the court rendered judgment ordering us to pay RMB2.8 million for the goods, which we have appealed. In December 2025, we entered into the Settlement Agreement with the supplier and filed motion to withdraw, which the court granted.
- The fifth claim is a contractual dispute brought by the supplier mainly for payment of unpaid goods against us, which claims (i) payment of unpaid goods totaling approximately RMB5.8 million and overdue payment losses of RMB0.2 million (calculated as of December 11, 2024); and (ii) payment of loss of warehouse rental costs totaling approximately 0.16 million (as of December 11, 2024). In September 2025, the court issued a judgment ordering the supplier to deliver the goods stipulated under the relevant contract with us, and ordering us to pay RMB1.2 million for the goods within 30 days of receiving full delivery. In December 2025, we entered into the Settlement Agreement with the supplier to resolve the dispute.
- The sixth claim is brought by us for (i) specific performance of the supplier's obligations under a supply agreement, including completing equipment debugging, rectifications, and passing acceptance inspections and (ii) payment of overdue penalty fees totaling approximately RMB15.8 million.
- The seventh claim is brought by us for (i) specific performance of contractual obligations (debugging, rectification, and passing acceptance inspections) under another supply agreement and (ii) payment of RMB6.9 million in late penalties.
- The eighth claim is brought by us for (i) specific performance of contractual obligations (debugging, rectification, and passing acceptance inspections) under a third supply agreement and (ii) payment of RMB9.0 million in late penalties.

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With respect to the sixth through eighth claims mentioned above, the court consolidated these three cases for joint trial. In December 2025, we entered into the Settlement Agreement with the supplier and filed motion to dismiss, which the court granted.

- The ninth claim is brought by us for (i) specific performance of contractual obligations under a fourth supply agreement and (ii) payment of RMB5.9 million in late penalties. In response, the supplier filed a claim against us seeking specific performance of the same contract and payment of RMB2.9 million in contract amounts. The court consolidated the two cases for joint hearing. In December 2025, we entered into the Settlement Agreement with the supplier and filed motions to withdraw our respective claims, which the court granted.

In the judgments rendered in respect of the first, second, and third claims, the courts ordered our Company to pay the supplier notwithstanding the Back-to-Back Payment Terms agreed in our supply agreements. The plaintiff supplier argued that our Company should be classified as a “large enterprise” (大型企業) and that, under the “Reply of the Supreme People’s Court on the Validity of Clauses in Large Enterprises and Small and Medium-sized Enterprises Regarding Payment Based on Payment by a Third Party” (《最高人民法院關於大型企業與中小企業約定以協力廠商支付款項為付款前提條款效力問題的批覆》), the Back-to-Back Payment Terms should be deemed invalid. The court of first instance rejected this argument, finding that our Company does not qualify as a “large enterprise” (大型企業) under “Measures for the Division of Large, Medium, Small and Micro Enterprises in Statistics (2017)” (《統計上大中小微型企業劃分辦法(2017)》), and the court of second instance concurred. The court of second instance identified two key issues in dispute: (i) whether the equipment supplied had been put into use and accepted by us, and whether any quality issues affected our payment obligations, and (ii) whether the Back-to-Back Payment Terms were valid and whether the payment conditions had been satisfied. In respect of the first issue, the court found that the supplier had substantially delivered and the equipment had been accepted and used, and that any remaining inspection or quality matters were not sufficient to withhold payment. In respect of the second issue, the court held that the disputed Back-to-Back Payment Terms did not provide a clear, definite time for performance of our payment obligations, nor demonstrate a true agreement that our payment obligation to the supplier would be extinguished if we did not receive funds from the end customer. Accordingly, the payment conditions were deemed to have been met, and we were ordered to settle the outstanding amounts.

As advised by our PRC Legal Advisors, courts in China have previously ruled Back-to-Back Payment Terms to be valid and enforceable. Courts assess the validity of Back-to-Back Payment Terms based on multiple factors, including whether the clause reflects the true intention of the contracting parties, whether it contravenes mandatory provisions of law or regulations, whether the clause is clearly and specifically drafted, and whether the defendant has proactively sought payment from the end-customer. Pursuant to the PRC Civil Code, civil legal acts shall be deemed invalid if (i) conducted through false declarations of intent between the parties; (ii) they violate mandatory provisions of laws or administrative regulations (unless the relevant mandatory provisions do not result in invalidity); (iii) they violate public order and good morals, or (iv) they are conducted through collusion between the parties to damage the legitimate rights and interests of others. As advised by our PRC Legal Advisors, the Back-to-Back Payment Terms adopted in our supplier contracts do not fall under any of the aforementioned scenarios that would render them invalid. Notwithstanding, the courts ruled in the abovementioned claims with our conveyor system supplier that such terms could not be relied upon to indefinitely postpone or extinguish our payment obligations once the supplier had fulfilled their contractual milestones.

Prior to occurrence of the aforementioned litigations, Back-to-Back Payment Terms in our other procurement contracts had adopted substantially the same wording, including on timing and conditions to performance of our payment obligations. As of the Latest Practicable Date, we have enhanced the drafting of the Back-to-Back Payment Terms by adding more detailed provisions on payment timing and conditions. The enhanced provisions have been used in recent purchases.

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As of December 31, 2025, trade payables corresponding to above claims were fully recorded on our consolidated financial statements. On this basis, our Directors are of the view that sufficient accounting treatment has been made in relation to these claims.

### *Claims related to customers*

We have two concluded litigations exceeding RMB1.0 million with separate customers.

- We filed a claim against one customer seeking outstanding payments totaling approximately RMB12.5 million for goods delivered, along with overdue payment losses. In addition, this customer sought to hold the customer’s shareholder liable (on a supplementary basis) for any outstanding debts to the extent this customer failed to fully satisfy its payment obligations. In response, this customer filed a counterclaim against us for a refund of advance payments of approximately RMB29.3 million and a penalty for breach of contract of approximately RMB8.4 million. In November 2025, the court rendered a judgment dismissing the counterclaim and ordering the customer to pay approximately RMB12.5 million for goods delivered, along with overdue payment losses. In December 2025, we filed a petition for bankruptcy liquidation against the customer, which the court has accepted for filing.
- We filed a claim against a third customer seeking outstanding payments of approximately RMB6.6 million for formal acceptance. In response, this customer filed a counterclaim against us, requesting our Company to complete final acceptance and delivery of the project, and to pay liquidated damages from the day following the due date for final acceptance (calculated as RMB21.4 million up to February 28, 2025). In March 2025, the court issued an order to freeze RMB7.0 million worth of the customer’s bank account funds or equivalent assets. In January 2026, following court-mediated negotiations, we reached a settlement agreement with the customer, and the court subsequently issued a Civil Mediation Statement. According to the Civil Mediation Statement, the goods we had already delivered became the customer’s property, and the customer was required to pay us RMB2.3 million after deducting the expenses we agreed to cover. In February 2026, the customer paid RMB2.1 million, with the remaining RMB0.2 million outstanding.

### **Tax Matters**

#### *Tax Matter Notice*

In October 2024, we received a notice (the “**Tax Matter Notice**”) from the First Tax Sub-branch of the Wuxi Municipal Tax Bureau of the State Taxation Administration (國家稅務總局無錫市稅務局第一稅務分局) (“**Wuxi Tax Bureau**”) during tax inspection requesting us to provide corporate financial audit reports, corporate income tax audit reports, financial electronic data, and other materials from 2021 to 2023 in accordance with the relevant tax regulations in China.

Upon receipt of the notice, we conducted a self-review of the Company’s tax payments from 2019 to 2024. We found that we had underpaid value added tax (VAT) and surtaxes, corporate income tax, stamp duty and withheld individual income tax, in the aggregate amount of RMB38.5 million. This was primarily due to inadvertent misinterpretation of the relevant PRC tax laws and regulations, as follows:

- **VAT.** Total VAT underpaid amounted to RMB33.7 million. Advance payments were collected from customers before final project acceptance and revenue recognition. The Wuxi Tax Bureau determined that under applicable VAT regulations, certain sales should be treated as subject to VAT upon receipt of advance payments, particularly for long cycle contracts. Due to inadvertent misinterpretation of the applicable VAT liability timing rules which were subsequently clarified, certain amounts of VAT were not timely

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declared. The revised PRC VAT Law (adopted in December 2024 and effective from 1 January 2026) aims to standardize the VAT liability timing rules. Further, VAT was not declared on interest income deriving from structured deposits for the period from 2021 to 2023.

- **Corporate income taxes.** Total corporate income tax underpaid amounted to RMB0.6 million. Certain research and development expenses in 2023, while eligible under accounting standards, did not meet the criteria for deduction for corporate income tax, thus requiring adjustment of taxable income for 2023.
- **Stamp duty.** It was found that stamp duty was not paid on goods transportation contracts in the amount of RMB3.0 thousand.
- **Withheld income taxes.** There was a shortfall in individual income tax withheld and remitted, in the amount of RMB0.2 million.
- **Surtaxes linked to VAT.** Additional payment of surtaxes linked to VAT (including urban construction tax, education surcharge, and local education surcharge) in the amount of RMB4.0 million was required to account for the adjusted VAT amounts.

In November 2024, we settled all such underpaid taxes in the aggregate amount of RMB38.5 million (collectively, the “**Supplementary Tax Payments**”). We also settled a fee for late payment of RMB9.8 million (the “**Late Payment Fee**”).

In accordance with a statement of circumstances (“**Statement of Circumstances**”) dated May 8, 2025 issued by Wuxi Municipal Huishan District Tax Bureau of the State Taxation Administration (國家稅務總局無錫市惠山區稅務局) (“**Huishan Tax Bureau**”), which is the competent tax authority of the Company, it was confirmed that (i) as of the date of the Statement of Circumstances, our Company has fully settled all outstanding taxes and late payment surcharges; and (ii) neither our Company nor its subsidiaries have any unpaid taxes. The Statement of Circumstances states that pursuant to the Tax Collection and Administration Law and the Administrative Penalty Law of the People’s Republic of China (中華人民共和國行政處罰法) (the “**Administrative Penalty Law**”), the payment of the Late Payment Fee does not constitute an administrative penalty, and the Huishan Tax Bureau had not imposed any administrative penalties to the Company in relation to the aforementioned matters, nor will do so in the future.

The shortfalls were not identified by the Directors prior to receipt of the Tax Matter Notice because the relevant issues arose primarily from inadvertent misinterpretation of PRC VAT regulations. More than 97% of the Supplementary Tax Payments related to VAT and VAT-linked surtaxes. Further, the lack of timely legal advice and inadvertent oversight of the responsible staff at the material time contributed to the shortfalls not being identified earlier. Save for (i) the Directors being promptly informed of the Tax Matter Notice and (ii) Ms. Du Jing (杜晶), our executive Director and chief financial officer, overseeing the review and settlement process, including self-review calculations and communication with the Wuxi Tax Bureau, the Directors were not otherwise involved in the Tax Incident.

### **Software Development VAT Refunds**

Following payment of the Supplementary Tax Payments and the Late Penalty Fee, we engaged the Tax Consultant to conduct a comprehensive review of our Group’s tax filings and payment obligations. The Tax Consultant found that our subsidiary, Wuxi Zhongnuo, had claimed certain VAT refunds during the Track Record Period (the “**Software Development VAT Refunds**”) that did not completely meet VAT refund regulations due to an administrative oversight in assessing eligibility. Certain software products for which Wuxi Zhongnuo had claimed such refunds were developed by Wuxi Zhongnuo upon software originally created by a subsidiary of our Group that

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had subsequently been deregistered, and therefore did not fully meet the definition of "self-developed software products" as required under the relevant regulations. Accordingly, Wuxi Zhongnuo voluntarily repaid the VAT amount of RMB5.1 million and the related late payment surcharges to the tax authority in November 2025, and obtained a tax payment certificate issued by the competent tax bureau. No administrative penalty was imposed in respect of this matter.

On November 3, 2025, the Huishan Tax Bureau issued a written statement (together with the Statement of Circumstances, the "**Statements of Circumstances**") confirming that, as of the date of the statement, Wuxi Zhongnuo had fully returned the relevant tax incentive amounts and paid the corresponding late payment surcharges, with no outstanding tax liabilities. The Huishan Tax Bureau confirmed that it had not imposed any administrative penalties on Wuxi Zhongnuo in connection with the Software Development VAT Refunds and would not do so in the future. It further stated that Wuxi Zhongnuo has no other tax-related issues and has not been subject to any administrative penalties for violations of PRC tax laws and regulations.

The Software Development VAT Refunds were not identified by the Directors prior to review by the Tax Consultant because the relevant issues arose primarily from inadvertent misinterpretation of PRC VAT regulations and oversight of the responsible staff. Save for (i) the Directors being promptly informed of the matter and (ii) Ms. Du Jing (杜晶), our executive Director and chief financial officer, overseeing the review and settlement process, including self-review calculations and communication with the Huishan Tax Bureau, the Directors were not otherwise involved in the matter.

### *View of the PRC Legal Advisors*

As advised by our PRC Legal Advisors, the issuance of the Tax Matter Notice by Wuxi Tax Bureau, together with the Company's voluntary Supplementary Tax Payments and Late Payment Fee do not qualify as an administrative penalty under the Tax Collection and Administration Law and Administrative Penalty Law. Further, given that the Supplementary Tax Payments and the Late Payment Fee have been settled, our PRC Legal Advisors are of the view that the Tax Matter Notice does not result in a material adverse impact to the Company's operations. Tax compliance certificates issued by the competent tax authorities in our principal operating locations, including Wuxi, Suzhou, Shanghai and Hangzhou, between January 2025 and January 2026 confirm that our Company (including branch offices) and subsidiaries had no outstanding tax payment obligations, no records of material tax-related violations or administrative penalties, and no material instances of tax arrears in the relevant jurisdictions.

As advised by our PRC Legal Advisors, settlement of VAT and late payment surcharges to the tax authority in respect of the Software Development VAT Refunds does not qualify as an administrative penalty and, given such full settlement, our PRC Legal Advisors are of the view that the Software Development VAT Refunds do not result in a material adverse impact to the Group's operations.

In consequence, based on the above, and having reviewed the Tax Consultant's advice, our PRC Legal Advisors are of the view that as of the Latest Practicable Date, the Group's tax obligations during the Track Record Period and up to the Latest Practicable Date had been properly recorded and fulfilled in a timely manner in all material respects. Save as disclosed above, the Group has been in compliance with relevant PRC tax laws and regulations in respect of the Group's tax filing and payment obligations during the Track Record Period and up to the Latest Practicable Date in all material respects.

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### *View of the Tax Consultant*

As advised by the Tax Consultant:

- (i) the Company's failure to make timely tax payments in respect of the Tax Matter Notice arose from a misinterpretation of tax regulations, and the Supplementary Tax Payments related mainly to value-added tax on advance receipts, which represented a timing difference rather than intentional tax evasion or avoidance. All overdue taxes and related surcharges were subsequently settled and duly recorded in the Company's accounts;
- (ii) the Software Development VAT Refunds primarily arose from differences in Wuxi Zhongnuo's understanding of the "self-developed software products" requirement under the applicable VAT refund regulations. There was administrative oversight in the internal assessment process for determining eligibility under the policy. Given that all related VAT refunds have been fully repaid and rectified, the Tax Consultant is of the view that neither the Group nor its Directors engaged in any act of intentional tax evasion, underpayment, or fraudulent claim of tax benefits;
- (iii) having reviewed the Company's tax returns, tax payment certificates and tax calculation ledgers, the Tax Consultant noted that the Company has duly recorded its tax liabilities in full and has fully settled the relevant taxes in connection with the Tax Matter Notice and the Software Development VAT Refunds. The Tax Consultant is therefore of the view that (a) as of the Latest Practicable Date, the Group had fully recorded its value-added tax, VAT-related surcharges, corporate income tax, individual income tax and stamp duty during the Track Record Period up to the Latest Practicable Date; and (b) following its self-inspection and repayment in respect of the VAT refunds, the Group has, in all material respects, complied with applicable PRC tax laws and regulations in fulfilling its tax reporting and payment obligations; and
- (iii) having considered that (a) the Group has established internal control procedures covering areas such as accounts receivable, structured deposits, R&D expense collection, withholding and payment of individual income tax, and contract stamp duty, with clear mechanisms for information transmission and ledger management between business units and the finance and tax departments; (b) interviews and verification results indicated that tax officers have complied strictly with established procedures in the tax filing process, and that the relevant tax filing records and tax payment certificates confirmed consistency between amounts due and amounts paid; and (c) the Group has further enhanced its internal controls following the Tax Matter Notice and the Software Development VAT Refunds to address potential risk points and to ensure the timeliness and completeness of tax filings, the Tax Consultant is of the view that the Group has implemented effective internal control measures which are operating effectively and are sufficient to prevent the recurrence of similar incidents.

### *View of the Directors and the Sole Sponsor*

The Directors are of the view, and the Sole Sponsor concurs, that the aforesaid tax incidents were isolated incidents which would not negatively impugn on the competence and integrity of the Directors under Rules 3.08 and 3.09 of the Listing Rules for the reasons below:

- (i) The tax incidents do not involve willful intent of the Directors or the Company to evade tax, but were primarily attributable to inadvertent misinterpretation of the relevant PRC tax laws and regulations, the lack of timely legal advice, and inadvertent oversight of the responsible staff at the material time;

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- (ii) In accordance with the Statements of Circumstances, the Supplementary Tax Payments and Late Payment Fee in respect of the Tax Matter Notice and the repayments in respect of the Software Development VAT Refunds have been settled voluntarily;
- (iii) Our PRC Legal Advisors have confirmed that the issuance of the Tax Matter Notice by Wuxi Tax Bureau, together with the Company's (a) voluntary Supplementary Tax Payments and Late Payment Fee and (b) settlement of VAT and late payment surcharges to the tax authority in respect of the Software Development VAT Refunds do not qualify as an administrative penalty under the Tax Collection and Administration Law and Administrative Penalty Law. The foregoing circumstances do not result in a material adverse impact to the Company's operations; and
- (iv) As confirmed by our PRC Legal Advisors, in connection with the Tax Matter Notice and the Software Development VAT Refunds, none of our Directors had been penalized or ruled unsuitable to serve as a director of our Company by any regulatory authorities in the PRC as of the Latest Practicable Date.

### *Measures Adopted*

In response to the tax incidents as aforementioned, we have adopted the following enhanced measures which our Directors believe and the Sole Sponsor concurs are adequate and effective to prevent the recurrence of similar incidents of non-compliant tax practices going forward:

- (i) We have engaged an internal control consultant to review the effectiveness of our internal controls associated with our major business processes, which included our tax management system. The internal control consultant noticed that (a) the Group did not establish a comprehensive tax related management policy to govern the Group's tax declaration, payment, management and other related matters; and (b) the relevant tax payable amount, which was calculated by the finance and accounting staff, was not further reviewed and checked before the final payment. The aforesaid deficiencies had contributed to the failure of application of the appropriate tax related laws by the relevant finance staff or detection of the overlooked tax payment, aside from the lack of timely legal advice at the material time and the failure of the relevant staff responsible for tax filing to keep up-to-date understanding to the relevant tax related laws. In response to the tax incidents and at the recommendation of the internal control consultant, we had formulated and implemented a comprehensive tax management policy, which had set out the relevant requirements on tax registration management, tax declaration, tax payment and tax planning, management and safekeeping of tax files and invoice management, and tax dispute resolution procedures. In particular, pursuant to the tax management policy, we have assigned a staff in our financial department with adequate knowledge and experience in tax related field as our designated tax officer (the "**Tax Officer**"). The Tax Officer is responsible for computing and checking various types of tax payable by us in accordance with the applicable laws and regulations, settling payment in relation to individual income tax in a timely manner, and informing managers and head of the finance department with respect to any changes in the tax-related laws and regulations and policies. In addition, the calculation of the amount of tax payable will also be further reviewed and checked by the relevant tax accounting staff and general ledger accounting staff before proceeding to the final payment.
- (ii) We have established a governance structure consisting of decision-making level, supervision level and management and execution level, each with clearly defined roles and responsibilities to oversee the Group's tax matters.

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The decision-making level is led by the Board, which assumes the sole responsibility to approving the overall corporate tax strategic plans and mitigation and response plans to address material taxation risks. The Board is also responsible for, among others, directing and supervising the execution of the tax-related internal control measures by the management, approving relevant tax arrangements for major corporate actions and regularly attend progress meeting to keep informed of the latest status of the tax management works.

The supervision level is directed by our deputy general manager and Board secretary, Mr. Dai Wenbin, and includes our internal control director and internal control staff. The supervision level ultimately reports to the Board, and is primarily responsible for, among others, formulating corporate tax audit policies and annual tax audit plans, organizing tax audits, assessing the level of tax-related risks of the Group and devising strengthening measures, inspecting the execution status of the tax management measures and tax filings of the Group to ensure accuracy and compliance with the relevant laws and regulations, preparing tax report for submission to the Board and reporting to the Board the relevant findings and rectification measures adopted in relation to tax matters.

The management and execution level is directed by our chief financial officer, Ms. Du Jing, and includes the tax director and tax staff. The management execution level is primarily responsible for, among others, handling the daily tax filings, calculation and settlement of tax payables, liaising with the relevant tax authorities, safekeeping the relevant tax filing documents and invoices, and assisting the supervision level in conducting the tax audits. The management and execution level is further assisted by the heads of the relevant departments in the Group, including the legal department, sales department, procurement department and research and development department, who would provide all necessary assistance to the management execution level in resolving tax-related matters in their respective aspect of business operation and ensuring the compliance with the relevant tax related laws and regulations.

- (iii) We have established a communication framework to ensure the Board is regularly informed of the latest status of tax-related matters of the Group. For instance, our chief financial officer will organize quarterly meetings and annual meetings to report to the Board the implementation status of the tax related internal control policies, tax issues encountered, and/or any tax-related deficiencies identified and improvement measures proposed. Special meetings with the Board will also be called in the event the relevant PRC tax authorities have proposed any material tax arrangement or material adjustment to tax policies or there are any matters that may potentially affect the Group's compliance with the relevant tax-related laws and regulations.
- (iv) In addition to the above arrangements, we have engaged the Tax Consultant for the period up to the date when we publish our annual results for the year ending 31 December 2026 on the website of the Stock Exchange or 31 May 2027 (whichever is the earlier) to primarily, among others, review our business operation and assess our tax payment obligation under each major category of tax, provide advices and formulate action plans with respect to tax matters, assist us to strengthen our tax management system, and provide advice to our tax filings during our daily operations, with the aim to mitigating the risk of recurrence of similar tax related incidents.
- (v) We will engage qualified accounting firms to conduct audit on our financial statements going forward after our [REDACTED]. We will also consider engaging legal advisers or other professional advisers to advise the Board on tax-related matters as and when necessary.

## BUSINESS

### Shortfalls in Social Insurance and Housing Provident Funds

During the Track Record Period and up to the Latest Practicable Date, we did not make full contributions to social insurance and housing provident funds for our employees in accordance with relevant PRC laws and regulations. This is primarily because certain employees were not willing to bear their share of social insurance and housing provident funds strictly in portion to their salary. In 2023, 2024 and 2025, we estimate the shortfalls in the aggregate amounts of contributions made by the Group to its employees' social insurance and unpaid housing provident funds were approximately RMB0.4 million, RMB0.6 million and RMB0.4 million, respectively. Pursuant to relevant PRC laws and regulations, if we fail to pay the full amount of social insurance contributions as required within the stipulated period, we may be subject to fines and late charges. See "Regulatory Overview — Laws and Regulations Related to Social Insurance and Housing Provident Fund" and "Risk Factors — Risks Related to Our Legal and Regulatory Requirements — Failure to comply with the Labor Contract Law or other PRC labor related regulations and rules may have an adverse impact on our financial conditions and results of operations" for further details. According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), for the shortfall of social insurance, we may be subject to the following legal consequences: (i) to compensate for the shortfall within a prescribed period and to pay a daily overdue charge of 0.05% of the delayed payment amount, and (ii) to pay a fine of one to three times of the overdue amount if such payment is not made within the stipulated period. Under the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》), for the shortfall of housing provident funds, we may be subject to the following legal consequences: (i) to compensate for the shortfall within a prescribed period, and (ii) an application may be made to the courts for compulsory enforcement if the payment is not made within such time limit.

We have not made provisions in our consolidated financial statements for the historical shortfalls in social insurance and housing provident fund contributions. As advised by our PRC Legal Advisors, the risk of the competent authorities for social insurance and housing provident funds proactively ordering us to make up the required contributions to social insurance and housing provident funds, or to pay administrative fines or penalties, is relatively low, based on the following considerations: (i) consultations with competent government authorities indicating that they would not voluntarily initiate regulatory actions to require supplementary contributions or impose penalties in the absence of employee complaints, policy adjustments, or changes to our Group's current circumstances; (ii) during the Track Record Period and up to the Latest Practicable Date, we had not been subject to any administrative penalties related to social insurance or housing provident fund contributions; (iii) as of the Latest Practicable Date, we had not received any notifications from the relevant government authorities requiring payment of shortfalls or overdue charges for social insurance or housing provident funds; and (iv) the Urgent Notice of the General Office of the Ministry of Human Resources and Social Security on Implementing the Guidelines of the Executive Meeting of the State Council to Practically and Effectively Stabilize the Collection of Social Insurance Payments (《人力資源社會保障部辦公廳關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) promulgated on September 21, 2018, by the Ministry of Human Resources and Social Security stipulates that, administrative authorities are prohibited from organizing centralized collection efforts for historical social insurance arrears unilaterally.

To address historical non-compliance with the full contribution of social insurance and housing provident fund amounts for certain employees, we have formulated a phased rectification plan. Employees will be grouped by rank and employment entity with contributions rectified in phases in order to (i) minimise disruption to employees by allowing time to adapt to reduced take-home pay, given that PRC regulations require to contributions to be borne by both the employer and employees; and (ii) coordinate implementation across multiple jurisdictions with differing local requirements. We undertake to complete rectification as soon as practicable if we receive notification from competent government authorities requiring payment of shortfalls or overdue charges for social insurance or housing provident funds, such that we will not receive administrative punishment from the relevant government authorities due to the failure to make contributions on time.

## BUSINESS

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On July 31, 2025, the Supreme People’s Court of the PRC issued the Interpretation II by the Supreme People’s Court of the PRC on Legal Issues in the Trial of Labor Dispute Cases (最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)) (the “**Interpretation II**”), which took effect from September 1, 2025. Pursuant to the Interpretation II, it is a statutory obligation on both the employers and employees to participate in social insurance. Any arrangement not to participate in social insurance, either by unilateral undertaking or mutual agreement, is invalid. Further, the Interpretation II specifies that if the employee terminates their labor contract on the grounds that the employer has failed to make social insurance contributions as required by law, and claims economic compensation from the employer, the People’s Court of the PRC shall uphold the claim. As advised by our PRC Legal Advisors, the Interpretation II will not have a material adverse impact on our business operation and financial position considering that (i) during the Track Record Period and up to the Latest Practicable Date, our Company and our subsidiaries in the PRC have not made any arrangement with their employees not to participate in statutory social insurance, either by unilateral undertakings or mutual agreements; (ii) during the Track Record Period and up to the Latest Practicable Date, there were no incidents with regard to the termination of the labour contracts between our Company and our respective employees, which was initiated by our employees, on the grounds that we had failed to make social insurance contributions; and (iii) the Interpretation II does not expand penalty exposure or repeal existing laws.